REVIEW OF ISSUES RELATING TO THE INCOME AND JOBS ACTION ACT OF 1985

HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN ALIQUIPPA, PA, APRIL 21, 1986

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REVIEW OF ISSUES RELATING TO THE INCOME AND JOBS ACTION ACT OF 1985

MONDAY, APRIL 21, 1986

House of Representatives,
Subcommittee on Employment Opportunities,
Committee on Education and Labor,
Aliquippa, PA.

The subcommittee met, pursuant to notice, at 9:30 a.m., at the Aliquippa Croation Center, 2365 Concord Avenue, Aliquippa, PA, Hon. Matthew G. Martinez presiding.

Members present: Representatives Martinez and Hayes.

Staff present: Maxine Grant, administrative assistant; Eric Jensen, staff director; Bruce Packard, legislative assistant; Mary Gardner, minority staff assistant.

Mr. Martinez. May I have your attention, please? Before we get the actual hearing underway, I am going to introduce John Morabito to begin the activity here. He is going to make a small presentation, or introduce a couple of people that are going to make a presentation. John, will you come up?

[Pause.]

Mr. Morabito. Good morning. Will everybody please be seated?

Good morning. My name is John Morabito. I am the president of the Beaver County Labor Council. I would like to welcome all of you here this morning. Thank you very much for coming out.

Before the congressional hearing gets started, we have one or two things that we wanted to do first. First of all, we have one or two gentlemen here with us this morning that have worked very hard, along with many other members of the Beaver County Unemployed Committee, to pass out the petitions that all of you signed here, this morning, in the past month.

I would like to recognize them, and have them come forward with their petitions. We have Dennis Golixer and Ralph Smith. Would you please come forward?

Mr. Golixer. Mr. Martinez, thank you for holding this hearing. I would appreciate it if you would take these petitions, taking one to the present administration tell them that we need help back here. There are people on welfare. They do not want to stay on welfare. I appreciate it if you would give it to Mr. Reagan, and see what he can do with it.

Mr. Morabito. Thank you, Ralph. Thank you, Dennis. And thank you to all you people for all the work that they have done.

There are a couple of things I would like to stress, here, this morning. First of all, this is a congressional hearing, held by the U.S. Congress.

The witnesses were asked to speak here by invitation. There will be no disruptions of any kind. This hall will keep order at all times, and no one will be allowed to disrupt or speak.

At this time, I would like to introduce to you the chairman of the Subcommittee on Employment Opportunities, Chairman Matthew Martinez.

Mr. MARTINEZ. Thank you very much, John. Can you hear me in the back?

All right. Thank you, John. Let me say that the petitions will go back to Washington. Between the five of us up here, one of us is bound to be able to get through the White House security and see that the President gets them.

I would like to call this hearing to order. This is a meeting of the House Subcommittee on Employment Opportunities. We are holding this hearing to receive testimony on H.R. 1398, the Income and Jobs Action Act of 1985.

The purpose of this bill is to promote a substantial economic recovery and full employment by implementing and extending the Full Employment and Balanced Growth Act of 1978. This is done through a series of actions; it would guarantee a job at a decent wage and an adequate standard of living for every adult American, and establish an economic conversion fund funded by 1 percent of the Defense appropriations and administered by those agencies chosen by the President, which would develop plans for coping with unemployment.

It would also require the President to create a cooperative, full-employment program with the States, which would include a wide range of tax incentives, grants, reductions of interest rates, part-time employment with full fringe benefits, phasing-in of a 35-hour work week, and a conversion from military to civilian production.

This hearing, and others, are designed to bring to the attention of the media, the public, and especially the administration, the plight of unemployed Americans. This is the third such hearing we have held; All have been in areas with the Nation's highest unemployment rates.

Aliquippa is very close to Pittsburgh, in the heart of the steel country, and has been hard-hit by the domestic collapse of that industry. Several local steel mills have either closed or had serious reductions in their labor forces. The area unemployment rate is one of the highest in the Nation.

Local steelworkers and their labor leaders are, therefore, very interested in H.R. 1398.

This subcommittee chose to hold this hearing in Beaver County, PA, at the urging of two of my dear friends and colleagues in the Congress, Austin Murphy and Joe Kolter.

[Pause.]

Mr. MARTINEZ. We are joined by another of the Congress' staunchest supporters of labor, Bob Edgar.

Austin and Joe are distinguished Congressmen, and wanted the subcommittee to come to the district to see the devastating impact that unemployment has had upon the steel and basic industries in the surrounding Beaver County area. I must say that I am deeply struck by what I have seen of the effect the manufacturing recession has had on the overall economy of Beaver County.

It is unfortunate that, in a country as rich and as bountiful as ours, we have so many Americans that are unemployed or displaced from their jobs, Americans who are struggling just to survive from day to day. We treat foreign countries better than we treat our own citizens, who want nothing more than a full-time job at a decent salary. Is that asking too much of our own Government and our present administration? I do not think so.

Yet, this administration is unsympathetic to the plight of the blue-collar working class. Instead, they have told unemployed workers to look in the want-ads for jobs in the high-tech industries. Yet they are unwilling to support training programs for them, in order that they might be able to obtain those jobs. Or they tell trained steel workers, and other trades people to accept jobs as dishwashers or grocery baggers. This is a totally inappropriate response to a failure in this administration to pursue a meaningful foreign trade policy, a meaningful industrial policy, and a meaningful human capital policy.

At the same time, this administration is targeting job training under both the JPTA and the dislocated worker program, which has already undergone a 55-percent decrease. They have targeted for elimination the work incentive program for AFDC recipients. In addition, this administration attempted to destroy trade adjustment assistance. Thank goodness the Congress overcame administration's resistance to renewing trade adjustment assistance.

Unfortunately, this demise of American basic industry pits not only the wealthy against the poor, but employees against the employers. One does not have to look very far to realize that employers in the basic industries are in the same boat as their workers, due to their inability to compete with unfair foreign trade. That unfair trade competition is the direct result of our country's failure to regulate its monetary policy and protect our domestic industries from unfair trade barriers erected by other countries.

We simply cannot sit around and wait for our economy and working sector to be devastated. Employers and employees should band together to fight the present administration, not each other.

They should work together to find mutual solutions to these problems, and get the support from this administration that they deserve.

With that, I will turn to my colleague, Congressman Hayes, for an opening statement.

[The prepared statement of Hon. Matthew G. Martinez follows:]

Prepared Statement of Hon. Matthew G. Martinez, a Representative in Congress From the State of California

COMMITTEE ON EDUCATION AND LABOR
U.S. HOUSE OF REPRESENTATIVES
518 HOUSE OFFICE BUILDING ANNEX #1
WASHINGTON DC 20515

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

THIS HEARING OF THE HOUSE EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE UNDER THE EDUCATION AND LABOR COMMMITTEE IS BEING HELD TO RECEIVE TESTIMONY ON HR. 1398, THE INCOME AND JOBS ACTION ACT OF 1985.

THIS IS THE THIRD OF A SERIES OF HEARINGS THE SUBCOMMITTEE HAS HELD ON HR. 1398, THE FIRST ONE BEING HELD LAST OCTOBER IN CHICAGO AND THE SECOND ONE IN YOUNGSTOWN, OHIO ON MARCH 3 OF THIS YEAR.

THIS SUBCOMMITTEE CHOSE TO HOLD THIS HEARING IN BEAVER COUNTY, PENNSYLVANIA UPON THE URGING OF MY TWO DEAR FRIENDS AND COLLEAGUES IN THE HOUSE OF REPRESENTIVES, AUSTIN MURPHY AND JOE KOLTER. THESE TWO DISTINGUISHED CONGRESSMEN WANTED THE SUBCOMMITTEE TO COME TO THEIR DISTRICTS TO SEE THE DEVASTATING IMPACT THAT UNEMPLOYMENT HAS HAD UPON THE STEEL AND BASIC INDUSTRIES IN THE SURROUNDING BEAVER COUNTY AREA. I MUST SAY THAT I AM DEEPLY STRUCK BY THE EFFECT THAT MANUFACTURING RECESSION HAS HAD UPON THE OVERALL ECONOMY OF BEAVER COUNTY.

IT IS UNFORTUNATE THAT IN A COUNTRY AS RICH AND BOUNTIFUL AS OURS THAT WE HAVE SO MANY WORKING AMERICANS WHO ARE UNEMPLOYED

AND DISPLACED FROM THEIR JOBS, AND WHO ARE STRUGGLING JUST TO SURVIVE FROM DAY TO DAY. WE TREAT FOREIGN COUNTRIES BETTER THAN WE TREAT OUR OWN CITIZENS WHO WANT NOTHING MORE THAN A FULLTIME JOB AT A DECENT SALARY. IS THIS ASKING SO MUCH FROM OUR OWN GOVERNMENT? YET THIS CURRENT ADMINISTRATION IS UNSYMPATHETIC TO THE PLIGHT OF OUR BLUE COLLAR WORKING CLASS. INSTEAD THEY HAVE TOLD THE UNEMPLOYED WORKERS TO LOOK IN THE WANT ADS FOR JOBS IN THE HIGH TECH INDUSTRY FOR SCIENTISTS, ACCOUNTANTS, DOCTORS OR LAWYERS, OR TO ACCEPT JOBS AS DISHWASHERS AND GROCERY BAGGERS. THIS IS A TOTALLY INAPPROPRIATE RESPONSE TO A FAILURE IN THE GOVERNMENT TO PURSUE A MEANINGFUL FOREIGN TRADE POLICY, A MEANINGFUL INDUSTRIAL POLICY, AND A MEANINGFUL HUMAN CAPITAL POLICY.

AT THE SAME TIME THIS ADMINISTRATION IS TARGETING JOB TRAINING UNDER BOTH THE JOB TRAINING PARTNERSHIP ACT, WITH A 55 PERCENT CUT FOR DISLOCATED WORKERS, AND THE WORK INCENTIVE PROGRAM FOR WELFARE RECIPIENTS FOR MAJOR BUDGET CUTS. IN ADDITION, THE ADMINISTRATION HAS ATTEMPTED TO DESTROY THE TRADE ADJUSTMENT ASSISTANCE ACT. THANK GOODNESS THE CONGRESS OVERRODE THE ADMINISTRATION IN RENEWING THE TRADE ADJUSTMENT ASSISTANCE ACT.

UNFORTUNATELY, THIS DEMISE OF THE AMERICAN BASIC INDUSTRIES PITS NOT ONLY THE WEALTHY AGAINST THE POOR, BUT EMPLOYEES AGAINST

THE EMPLOYERS. BECAUSE ONE DOESN'T HAVE TO LOOK TOO FAR TO REALIZE THAT THE EMPLOYERS IN THE BASIC INDUSTRIES ARE IN THE SAME BOAT AS THEIR WORKERS DUE TO THEIR INABILITY TO COMPETE WITH FOREIGN TRADE COMPETITION. AND THAT UNFAIR TRADE COMPETITION IS THE DIRECT RESULT OF OUR COUNTRY'S FAILURE TO REGULATE ITS CURRENT MONETARY DEFICIT AND TO PROTECT OUR DOMESTIC INDUSTRIES FROM UNFAIR FOREIGN TRADE BARRIERS ERECTED BY OTHER COUNTRIES. WE SIMPLY CANNOT SIT AROUND AND WAIT FOR OUR ECONOMY AND WORKING SECTOR TO BE DEVASTATED. EMPLOYERS AND EMPLOYEES SHOULD BAND TOGETHER TO FIND MUTUAL SOLUTIONS TO THESE PROBLEMS AND GET THE SUPPORT FROM THEIR ADMINISTRATION THAT THEY DESERVE.

WITH THAT WE WILL TURN TO OUR HEARING TODAY.

Mr. **Hayes**. Thank you, Mr. Chairman. I learned many, many years ago that time is an important commodity that is ever fleeting away from us. Hence, I do not want to spend any unnecessary time that should be used by these important witnesses from whom we are going to hear this morning.

I think that—I must commend, though, the committee. They made arrangements for this, including the directions, in this Croation hall, for this hearing, and I commend them for the type of job they did in their preparations. I give credit to not only my two colleagues here in Congress, and the one who is aspiring for the higher body in the Congress, Congressman Edgar. I just want to say this effort surpasses in terms of organization, anything I have ever witnessed in any of the hearings we have been having in these two other places they have mentioned.

This is a good beginning, and I hope we keep the momentum and lead all the Congress of the United States, so we can get some action on this Income and Jobs Act.

Thank you very much.

Mr. **Martinez**. Thank you, Mr. Hayes. Your actions speak louder than your words. People here realize that, coming from a labor background, and having worked for so many years to try to make the lives of workers a lot better, they understand where you are coming from.

With that, I would like to turn to the first person who will give testimony on this bill, the Honorable Austin J. Murphy, Member of Congress.

STATEMENT OF HON. AUSTIN J. MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. **Murphy**. Thank you, Mr. Chairman, my distinguished colleagues.

We are very pleased to welcome Mr. Williams, Mr. Uehlein, and your very capable staff.

Just last month, a joint economic commission study concluded that our Nation has failed to meet its responsibility to create jobs and expand the Nation's economic aid, as required by the Employment Act of 1946. H.R. 1398, introduced by Mr. Hayes and cosponsored by all of us here today, declares that every adult American, able and willing to work for a living, has the right and choice to do so at a decent wage.

We espouse that cause. We are for it. We need programs that move people from the welfare rolls to the pay rolls. We need to break the terrible blight of poverty and welfare dependency that has overcome our area, here in western Pennsylvania, Mr. Chairman.

The latest unemployment figures for the county of Beaver, where you are holding this hearing, is somewhere between 16 and 17 percent. Nationally, unemployment continues to hover at 7 percent, as it has since this administration took office. These are unacceptable statistics.

On the basis of unemployment data provided by U.S. Department of Labor, Beaver County has been statistically qualified, and designated, as a redevelopment area. At least the county commissioners will be happy to hear that, because it will now be possible to receive additional funds from the Public Works and Economic Development Acts of 1965. Mr. Edgar and Mr. Kolter are both on the Public Works Committee as well, and we call this to their attention.

The minimum wage in our country is at its lowest point, in terms of percentage of average wage, since 1939; $3.35 an hour gives a weekly income of only 76 percent of what a family of three needs to reach the poverty level.

Just to reach that poverty level, the minimum wage must be raised 17 percent.

Just to reach the poverty level, Mr. Chairman, the minimum wage would have to be (raised to) $4.38. There are 2.1 million American people who work full-time, but remain in poverty, while working for minimum wages.

I am pleased to advise you, Mr. Chairman, that—very shortly—my Subcommittee on Labor Standards is going to hold hearings on the minimum wage. And look very carefully at increasing the minimum rate at least to the poverty level of $4.38.

I know I have got all the support of my colleagues at this table.

The Speaker of the House has recently made trade reform Legislation one of the top priorities for the Democratic-controlled House of Representatives. I am a member of the Education and Labor Task Force, which has undertaken to revitalize job training programs, employee relocation programs and an effort to identify those countries that enjoy a competitive advantage due to unfair labor standards. We cannot grow as a society, depending on a service economy at the expense of the manufacturing industry. We must understand that if we do not produce the computer hardware, we will not produce the software either.

The major areas of service, health, education and government are not exportable items. Only manufactured goods are.

To a large degree because of the current trade imbalance we have 8½ million workers in the Unied States unemployed. We must call the attention of the rest of our fellow Americans to that terrible statistic. So, In conjunction with the United Steel Workers, I have introduced House Resolution 590. My colleagues have now all sponsored this resolution which declares June 21, 1986, as National Save American Industry and Jobs Day. I want to commend the United Steel Workers in the district and National League for urging the adoption of the resolution.

I want to commend the organizers on today's hearing, Mr. Martinez, your excellent staff, the Steel Workers, the Labor Council of Beaver County, for having such a tremendous outpouring of people this morning.

I think a meeting such as this, is going to call the attention of the rest of the Members of Congress, and hopefully, wake up this administration to the terrible plight of unemployment and the loss of manufacturing jobs in our country.

Thank you very much.

Mr. Martinez. Thank you very much, Congressman Murphy.

We now will turn to Representative Kolter.

STATEMENT OF HON. JOSEPH P. KOLTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Kolter. Thank you, Mr. Chairman.

Mr. Chairman, members of the committee, my labor brothers and sisters who are truly the backbone and strength of this great Nation of ours, I would like to thank the chairman for all of his efforts on behalf of the unemployed. The working men and women of this great Nation have few friends who are as hard working and dedicated as Chairman Martinez, as Congressman Charlie Hayes, Congressman Murphy, and Bob Edgar.

This hearing will serve as a testament to all of our constituents that there are people who care about the unemployed. And I applaud your decision to bring these important hearings to our people, people who would not ordinarily have had an opportunity to participate or witness democracy in action.

All of us are here today because of one word. A word that hangs over the heads of millions, and tears families apart. That word is unemployment. We have all experienced, first hand, the devastating effects of unemployment. All you have to do is to look at the wake of unemployment, and what it leaves behind.

Presently, the seemingly endless stream of plant closings flow across the pages of the press, vividly documenting the serious negative effects on many workers and communities ravaged by unemployment. In many cases, some basic manufacturing industries in the United States, such as steel and automobile production, are being supplanted by foreign competitors. Often overlooked are the overall implications to the community in the divestment and/or closing of a plant.

When a major employer and taxpayer relocates or shuts down, it creates enormous cost for the rest of the community. School systems lose property tax revenues, and face millage increases or budget cuts. Local government, sales, payroll, and inventory tax collections fall, leading to cutbacks in essential services, such as police and fire protection. The wealth of the entire community is diminished, as the laid-off workers lose income, and fringe benefits and reduce their consumption of goods and services provided by restaurants, retail merchants, health care professionals, and other small businesses.

Unfortunately, there are those who just do not believe that unemployment is as big a problem today as it once was. Places like Aliquippa do not exist to them. Whenever they do acknowledge a problem in certain areas, they are termed "pockets of recession."

Well, speaking from experience, I know that Aliquippa is a very, very deep pocket. And I will have you know that it is not the only pocket, either. There are many pockets around this great Nation—unbelievably so.

But you know, it does not take a genius to figure out that pockets are for putting something in. Something tangible. Words just will not do it. But jobs will.

Jobs will feed a family, and help educate a nation. Jobs will keep that same family healthy and happy. Jobs will not only save a home from the auction block, but they will help to build homes, where none existed before. In fact, jobs will create jobs.

Anyone who doubts that need only look at our own recent history, and Franklin Delano Roosevelt. He helped guide a nation toward prosperity from the depths of depression. No one person was too small or insignificant to need assistance. And he knew the one thing that, somewhere along the line, many of us have forgotten. People need to work, just as they need to breathe or eat. It is an important part of our make-up, and that is the reason we are here today. Jobs. Nothing else.

That is what the Income and Jobs Action Act, H.R. 1398 stands for. Jobs. When my good frend and colleague, Representative Charlie Hayes, began to write this monumental piece of legislation, it did not take long. It did not take too long, because he knows the need for jobs and that need is a part of him. Just as it is a part of you and me. Congressman Hayes knows the true meaning of the word job. It goes far beyond getting paid a salary and paying bills.

That is why the most important part of H.R. 1398 is that which states that every adult American unable to work for pay has the right to an adequate standard of living that rises with increases in the wealth and productivity of the society. No pockets of recession.

The Income and Jobs Action Act also provides that no adult American shall be judged unable to work, merely because of the unavailability of suitable opportunities at a given time or place, or because of the lack of previous employment.

To sum it up, every American has a right to a job, and should be afforded the opportunity to work. I think that is something that everyone in Aliquippa would agree on.

To me, Aliquippa symbolizes the American work ethic. Many proud and hard-working people have devoted their lives to the production of steel. But faced with policies beyond their control, they have been forced out of their jobs, and faced with uncertain futures.

There are many communities like Aliquippa. If any of you have driven through a steel community like Aliquippa, you know that it is not just the steel mill or the people who work in that mill who are affected when the gates are closed. The whole community suffers greatly.

Just last week, the leadership of Aliquippa, the major, police, firemen, hospitals, chamber of commerce, crisis centers, labor leaders, workers, and just plain citizens, came to Washington, DC, to express their concerns over unemployment, and they demanded action.

We talked about everything. And we came out of that meeting convinced that we must continue the fight. Fight for what is rightfully ours. We do not need to beg for jobs. There are jobs that need to be done and qualified people to do them. The problem is that there are not enough leaders in our Government—leaders who will take a stand on an issue that needs to be addressed.

Well, I'm here to tell you that someone has. The Income and Jobs Action Act is the first constructive step toward a fully employed American society. The Members of Congress, and other distinguished individuals here to address the committee today, have joined hands in an effort to put out of work Americans back to work. Put them back to work for good.

Each of us has sponsored legislation to counter the effects of unemployment, and bring back jobs to our people. Each of us have had to do battle with an administration which ignores the rights of its people. Indeed, they do not even consider having a job a right. To them, it is a privilege for a select few. And we know who gets to do that—to do the selecting.

The fact is that the jobless rate in this country is at its highest level since the 1930's, and the current administration has done little or nothing to correct the situation.

Current Government programs are completely inadequate to facilitate adjustment or maintain the standard of living for dislocated workers. As a result, plant closings and unemployment have meant financial ruin for millions of affected employees.

Not only do they lose their jobs, along with their health benefits, pensions, and other fringe benefits, but the new jobs they eventually do get, do not provide equivalent income or status.

The Income and Jobs Action Act will put an end to the destructive Government policies that give little consideration to the people who they will affect.

Case in point. In October 1979, Paul Volcker, Chairman of the Federal Reserve Board, announced that the central bank would henceforth place greater emphasis in its day-to-day monetary management in controlling the money supply, and less on the short-term fluctuations in interest rates. This change is one of only a number of factors that contributed to a sharp rise in the unemployment rate. But it was clearly symptomatic of a major shift in attitude. It is also that type of activity that the Income and Jobs Action Act will prohibit.

Reluctance by the Federal Government to employ more stimulative macroeconomic policies may reflect a widespread perception that our current unemployment problems are too difficult to deal with effectively.

That is why we are here. To make the difficult decisions that must be made. There are no simple solutions to difficult problems. It will take time, hard work, and cooperation.

None of the people witnessing this hearing are afraid of hard work, and there is no reason that we should be. Working on legislation like this is never easy. I am sure it was not a breeze for F.D.R., but we have got to put our foot down. Lately the only thing that America seems to have been exporting overseas is jobs. We have all got to pull together and fight. Fight for what we believe in. Fight for what is ours. Supporting H.R. 1398, the Income and Jobs Action Act, sounds like the first round in a fight we have got to win. Because our lives are at stake.

In conclusion, I would like to thank the chairman and his staff for the outstanding job they have done in bringing these hearings to the people. I would also like to commend Representative Hayes for his foresight and brilliant work on this desperately needed piece of legislation. And gentlemen, I would thank you for having the opportunity to cosponsor this legislation for my constituents and my fellow workers.

Thank you, very much.

[The prepared statement of Hon. Joe Kolter follows:]

PREPARED STATEMENT OF HON. JOE KOLTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Thank you Mr. Chairman. Before I begin, I would like to thank the chairman for all of his efforts on behalf of the unemployed. The working men and women of this great nation have few friends who are as hard working and as dedicated as Chairman Martinez. This hearing will serve as testament to all of my constituents that there are people who care about the unemployed, and I applaud your decision to bring these important hearings to our people. People who would not ordinarily have an opportunity to participate or witness democracy in action.

All of us are here today because of one word. A word that hangs over the heads of millions and tears families apart. That word is unemployment. We have all experienced—first hand—the devastating effects of unemployment. All you have to do is look at the wake of unemployment and what it leaves behind.

Presently, a seemingly endless stream of closing plants flow across the pages of the press, vividly documenting the serious negative effects on many workers and communities ravaged by unemployment. In many cases, some basic manufacturing industries in the United States, such as steel and automobile production, are being supplanted by foreign competitors. Often overlooked are the overall implications to the community in the divestment and/or closing of a plant. When a major employer and taxpayer relocates or shuts down, it creates enormous costs for the rest of the community. School systems lose property tax revenues and face millage increases or budget cuts: local government, sales, payroll, and inventory tax collections fall, leading to cutbacks in essential services such as police and fire protection: The wealth of the entire community is diminished as the laid off workers lose income and fringe benefits and reduce their consumption of goods and services provided by restaurants, retail merchants, health care professionals, and other small businesses.

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The Income and Jobs Action Act also provides that no adult American shall be judged unable to work merely because of the unavailability of suitable opportunities at a given time or place or because of the lack of previous employment.

To sum it up. Every American has a right to a job and should be afforded the opportunity to work. I think that's something that everyone in Aliquippa would agree on.

To me, Aliquippa symbolizes the American work ethic. Many proud and hard working people have devoted their lives to the production of steel, but faced with policies beyond their control, they have been forced out of their jobs and face an uncertain future.

There are many communities like Aliquippa. If any of you have driven through a steel community like Aliquippa you know that it isn't just the steel mill or the people who work in that mill who are affected when the gates are closed. The whole community suffers greatly.

Just recently, the leadership of Aliquippa: the mayor, police, firemen, hospitals, chamber of commerce, crisis centers, labor leaders, workers, and just plain citizens; came to Washington to express their concerns over unemployment and demanded action. We talked about everything. And we came out of the meeting knowing that it was time to roll up our sleeves and fight. Fight for what is rightfully ours. We don't need to beg for jobs. There are jobs that need to be done and qualified people to do them. The problem is that there aren't enough leaders in our Government. Leaders who will take a stand on an issue that needs to be addressed.

Well, I'm here to tell you that someone has. The Income and Jobs Action Act is the first constructive step toward a fully employed American Society. The members of Congress and other distinguished individuals to address the committee today, have joined hands in an effort to put out-of-work Americans, back to work. For good.

Each of us has sponsored legislation to counter the effects of unemployment and bring back jobs to our people. Each of us has had to do battle with an administration which ignores the rights of its people. Indeed, they do not even consider having a job a right. To them, it is a privilege for the select few. And we know who gets to do the selecting.

The fact is that the jobless rate in this country is at its highest level since the 1930's. And the current administration has done little, or nothing, to correct the situation.

Current government programs are completely inadequate to facilitate adjustment or maintain the standard of living for dislocated workers. As a result, plant closings and unemployment have meant financial ruin for millions of affected employees. Not only do they lose their jobs, along with health benefits, pensions and other fringe benefits, but the new jobs they eventually get do not provide equivalent income or status.

The Income and Jobs Action Act will put an end to destructive government policies that give little consideration to the people who they will affect. Case in point. In October of 1979, Paul Volcker, chairman of the federal reserve board, announced that the central bank would henceforth place greater emphasis in its day-to-day monetary management on controlling the money supply and less on reducing short-term fluctuations in interest rates. This change was one of only a number of factors that contributed to a sharp rise in the unemployment rate. But it was clearly symptomatic of a major shift in attitude. It is also that type of activity that the Income and Jobs Action Act will prohibit.

The reluctance by the federal government to employ more stimulative macroeconomic policies may reflect a widespread perception that our current unemployment problems are too difficult to deal with effectively.

But that is why we are here. To make the difficult decisions that must be made. There are no simple solutions to difficult problems. It will take time, hard work and cooperation.

None of the people witnessing this hearing are afraid of hard work, and there is no reason that we should be. Working on legislation like this is never easy. I'm sure it wasn't a breeze for F.D.R. but we have got to put our foot down. Lately, the only thing America seems to have been exporting overseas is jobs. We have all got to pull together and fight. Fight for what we believe in. Fight for what is ours. Supporting H.R. 1398, the Income and Jobs Action Act, sounds like the first round in a fight we've got to win. Because our lives are at stake.

In conclusion, I would like to thank the chairman and his staff for the outstanding job they have done in bringing these hearings to the people. And also, I would like to commend Representive Hayes for his foresight and brilliant work on this desperately needed piece of legislation. I want you to know that I'm honored to co-sponsor this for my constituents. Thank you.

Mr. **Martinez**. It has been mentioned a couple of times that at one point in time it seemed it would be almost impossible for us to get here. Joe Kolter and Austin Murphy urged me to come and then put together a meeting so many of you people from this area could come in and work with us. And when we met with you, the concern on your faces, and the concern on Joe Kolter's face, and Austin Murphy's, made us realize that we had to come.

Charlie Hayes has indicated this is probably the largest of these three hearings that we have held on H.R. 1398. I cannot help but believe that we will have a lot of opportunity to take this information, this testimony, back to Washington with us.

With that, I would like to turn to Congressman Bob Edgar for his comments.

STATEMENT OF HON. BOB EDGAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. **Edgar**. It is very hard to follow Congressman Joe Kolter, who speaks so firmly that he knocks the posters off of the wall.

I would like to begin, also, by thanking you, Mr. Chairman, Congressman Hayes, Congressman Murphy, Congressman Kolter, for your leadership in Washington. But also, I would like all of us to thank John Morabito, who has been willing to fight the good fight on behalf of all of us.

Mr. Chairman, you honor Pennsylvania by coming here today. You honor us by recognizing that all is not well in the world. Many of us watch the evening news, and hear the reports out of this administration that the economy is better, that more people are employed, that all regions of the country are healthy.

People of this room stand testament—a testimonial to a fact of life, that things are not well in our society and the world, as long as there is one person who is unemployed, one person who is underemployed, and one family who simply seeks the justice of a quality job and quality opportunity to feed their children, to educate their family and to have a quality of life.

The Income and Jobs Action Act of 1985 is an important piece of legislation. The key word in this bill is the word "action." For too long, there has been inaction, unresponsiveness on the part of the administration, to the real problems of high unemployment and joblessness.

This legislation, which I have cosponsored, goes a long way to addressing one of the most important issues facing this day—in our Nation today. Outrageous levels of unemployment. Pennsylvania provides the perfect example of how serious the unemployment situation really is.

In Pennsylvania, the real unemployment rate is still high above the national average. Many workers never returned to work after the "Reagan recession" of the early 1980's, and many workers are stuck in low-paying, dead-end jobs.

Over the last 6 years, Pennsylvania has lost over 300,000 manufacturing jobs. Only Illinois has had a worse record than Pennsylvania, in terms of the loss of jobs.

Our workers have been battered by antilabor policies of the most antilabor administration in the last 50 years.

Our industries have been attacked by unfair trade and unwise tax policies.

Indeed, we are all threatened by the wave of conservatism that has swept our country. A current that says that the concerns of working people and their families are not important any more. That corporate profits, and the agenda of the new right comes first.

Let me cite just one example. Last Tuesday, Mr. Chairman, was tax day, 1986. While we all pay slightly different tax rates, everyone here in this room has one thing in common. We pay more taxes than many of the Nation's major corporations. Since the passage of the Reagan tax package of 1981, such major corporations as General Dynamics, General Electric, Mellon Bank, Philadelphia Electric, Union Carbide, and Xerox, and others, have paid zero or less in total Federal income taxes. Some of them even received refunds. Yet, year after year, all of us in this room pay our fair share of taxes every April 15.

While these tax giveaways have been provided, what has happened? Major corporations like United States Steel have gone out and bought Marathon Oil Co., instead of reinvesting and recommitting themselves to jobs in steel. We do not have more steel jobs, we have less; 58,000 less in western Pennsylvania.

Let me focus on four key areas, where I think we can concentrate action, the key word again, to turn this situation around and achieve some goals outlined in this legislation.

First, we must preserve Pennsylvania's jobs and industries, through a concerted strategy to improve competitiveness and stop unfair trade. This will help revive Pennsylvania's existing industries, such as coal and steel and textiles.

There can be no long-term prosperity and stability for any segment of the economy if our basic industries are simply allowed to decline and erode. One of the heroes on the issue of a sound trade policy is in this room today. Lynn Williams from the U.S. Steelworkers has been a national leader in talking about the issue of managed trade . Of getting our Government involved as a partnership in our industries, with our labor communities, in working on short-term needs to revitalize our basic industries, so that in the long term, we can be internationally competitive again. And I applaud Lynn Williams for his leadership on these things.

Mr. Chairman, there is an issue about trade, which does not get discussed very often, but I just want to point to it this morning. That is, it is not just important to have trade policies to take our trade with other nations fair, and make our society better, but the labor movement has to recognize that what is happening in America lately, is what, in fact, happened at the turn of the century.

And that is that coal miners in South Africa are being paid slave wages to produce coal, and that coal is being dumped on the world marketplace, and putting our providers out of work. But it is exploiting the coal miners of South Africa.

Textile workers in South Korea and in Taiwan, are being exploited at 50 cents an hour wages, in sweat-shop conditions. Under the very same conditions that many, here in this room, fought in the forties and fifties to make sure that we had a quality of life. And many of you, a part of organized labor, fought for health care and retirement benefits, and minimum wages.

And yet, the products that are being produced around the world are being produced by workers that are being exploited. The trade issue has to focus, also, on the exploitation of those workers.

Earlier this year, I visited the Cove Shoe Factory in Martinsburg. Bob Musselman, the shop steward, told me that he does not expect to have a job there in 5 years. Cheap imports from countries that pay slave wages to workers are taking over the market. Until we deal honestly and aggressively with this trade crisis, we cannot stop the hemorrhage of jobs.

Next, we must repair our tumbling bridges, and roads and water and sewer systems. If we had a major investment, not in MX missiles, not in star wars, but not in——[Applause.]

Mr. EDGAR [continuing]. But in the repair of the basic building blocks that hold our community together, we would need 10 million tons of steel every year for the next 14 years, and we still would not have completely replaced or rehabilitated our highways, our bridges, our water and sewer systems—the basic building blocks that hold our community together.

Our future as a State depends on our ability to preserve our vital web of public facilities. In the past, Pennsylvania was a keystone of a growing and vibrant Nation. But, because the infrastructure that once supported a dynamic, industrialized economy, has fallen into disrepair, it hinders our efforts to attract new industry to Pennsylvania, and regain our economic footing.

For example, for some of you in this room, and for the people of McKeesport, they understand the problem of infrastructure. Many of them cannot drink the water that is supplied to their homes and schools and office buildings throughout that city. The simple act of walking into their kitchens and pouring a glass of water and drinking it has become a health-threatening problem. It is tough to attract jobs to any city with that kind of problem.

Collapsing bridges in Johnstown, crumbling roads in Philadelphia, and tainted water in McKeesport and Scranton are the reality with which Pennsylvanians are now faced.

Rebuilding Pennsylvania also means that we must develop better cooperation between Government, labor management to increase efficiency, productivity, and in turn, to provide economic stability. Last year, I strongly supported an attempt by the communities of this area to save the Dorothy Six plant. And there are many constructive projects in this community, affiliated with the effort of the Steel Valley Authority and others to stabilize existing industries. These are real examples of what can be done, of innovative methods we must use if we are to keep jobs in our State.

Finally, I believe we must, while stabilizing existing manufacturing, while working to improve our infrastructure, while dealing a blow to the area of trade, we must incubate small- and medium-size businesses that are the high-yield job producers in our community. They are not all high technology. They are not all service. Many of them are small manufacturing facilities.

If we are able to preserve our existing industries and rebuild our Pennsylvania's infrastructure, I think this State will become the home of many under-500 employee firms, that have always sprung up around centers of heavy manufacturers and industry.

In summary, I do not think we should choose to stand by and watch our industry die, victims of unfair foreign trade. I do not think we should choose to allow our Nation's highways, bridges, and public works to crumble around us, when we could create jobs rebuilding them.

I do not think we should choose to let factories shut down and move out, when workers and their communities are willing to work together to save them. I do not think that we should choose to abandon the progress of the labor movement in promoting good wages and safe working conditions.

You and I must choose to fight for our future. That is why we are working together for this legislation. Because while things have gone from bad to worse in Pennsylvania, we know that it does not have to be this way. We know that we can choose a better future.

We do not have to choose the failed policies of the present administration, which puts so many people out of work. Instead, we can choose public policies, which stabilize our industries, which create new jobs and new plants, and a new start for our economy.

That is the kind of Pennsylvania I want. Where the struggles and efforts of working men and women triumph. That is the kind of Pennsylvania I see, and we forge a new future together.

In the last year, I have had the privilege of working in the Homestead Rainbow Kitchens. It is a troubling time when you got to provide a nutritious meal to someone who is out of work, and simply wants access to food. Some of the representatives of the Rainbow Kitchen are here in this room.

It is my goal, and I know the goal of everyone in this panel, that we work strenuously on this legislation for trade and infrastructure and other bills that can, in fact, create jobs, so that we can put these Rainbow Kitchens out of business.

Thank you for the opportunity to testify. I look forward to hearing the testimony of our witnesses.

[The prepared statement of Hon. Bob Edgar follows:]

PREPARED STATEMENT OF HON. BOB EDGAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. Chairman and members of the Subcommittee, welcome to our state and thank you for inviting me here today to speak on behalf of the Income and Jobs Action Act of 1985.

This legislation, which I have cosponsored, goes a long way to addressing one of the most important issues facing this state and our nation today—outrageous levels of unemployment. Pennsylvania provides a perfect example of how serious the unemployment situation really is.

In Pennsylvania the real unemployment rate is still high above the national average; many workers never returned to work after the Reagan recession; many workers are stuck in lower-paying dead-end jobs.

Over the last six years, our state has lost almost 300,000 manufacturing jobs. Only Illinois has done worse.

Our workers have been battered by the anti-labor policies of the most anti-labor Administration of the last 50 years.

Our industries have been attacked by unfair trade and unwise tax policies.

Indeed—we are all threatened by the wave of conservatism that has swept the country—a current that says that the concerns of working people and their families aren't important anymore—that corporate profits and the agenda of the new right come first.

Let me cite one specific example. Last Tuesday was tax day, 1986. While we all pay slightly different tax rates, everyone here has one thing in common: we pay more taxes than many of this nation's major corporations. Since the passage of the Reagan tax bill in 1981 such major corporations as: General Dynamics, General Electric, Mellon Bank, Philadelphia Electric and Union Carbide, Xerox; and others have paid zero or less in total federal income taxes. Some of them even received refunds. Yet, year after year, we all pay more than our fair share on April 15th.

With these tax giveaways what has happened? Major corporations like U.S. Steel went out and bought other major corporations like Marathon Oil without reinvesting or creating one new job. We don't have more steel jobs, we have less. 58,000 less in western Pennsylvania alone.

Let me focus on four key areas where I think we can take concrete action to turn this situation around and achieve some of the goals outlined in Rep. Hayes' legislation.

First, we must preserve Pennsylvania's jobs and industries through a concerted strategy to improve competitiveness and stop unfair trade. This will help revive Pennsylvania's existing industries such as coal, steel and textiles. There can be no long-term prosperity and stability for any segment of the economy if our basic industries are simply allowed to decline and erode.

Earlier this year I visited the Cove Shoe factory in Martinsburg. Bob Musselman, the shop steward, told me that he doesn't expect to have a job there in five years. Cheap imports from countries that pay slave wages to workers are taking over the market. Until we deal honestly and aggressively with this trade crisis, we can't stop the hemorrhage of jobs.

Next, we must repair and rehabilitate aging roads, bridges, buildings, drinking water systems and other public works—the key to economic growth and job creation in Pennsylvania. As a member of the Public Works and Transportation Committee, I want to put Pennsylvanians back to work rebuilding our state's infrastructure, creating jobs producing the basic materials like steel necessary for revitalizing our state and attracting new industries and meaningful jobs.

Our future as a state depends on our ability to preserve our vital web of public facilities. In the past, Pennsylvania was the keystone of a growing and vibrant nation. But because the infrastructure that once supported a dynamic, industrialized economy has fallen into disrepair, it hinders our efforts to attract new industry to Pennsylvania and regain our economic footing.

For example, for some time this year, the people of McKeesport could not drink the water that is supplied to homes, schools, and office buildings across the city. The simple act of walking into their kitchens, pouring a glass of water and drinking it became health-threatening. It's tough to attract jobs to a city with that kind of problem.

Collapsing bridges in Johnstown, crumbling roads in Philadelphia, and tainted water in McKeesport and Scranton are the reality with which Pennsylvanians are now faced. By rebuilding these roads, bridges, sewers, and water supply systems, though, we can create jobs even as we make our state a more attractive home for new business.

Rebuilding Pennsylvania also means we must develop better cooperation between government, labor and management to increase efficiency, productivity and return. Last year I strongly supported an attempt by communities in the Mon Valley to reopen the Dorothy Six blast furnace closed by U.S. Steel. That project, and the affiliated effort to create a Steel Valley Authority to stabilize existing industries, are examples of the kind of innovative methods we must use if we are to keep jobs in our state.

Finally, we must incubate the small- and medium-sized businesses that are high-yield job producers in our country. If we are able to preserve our existing industry and rebuild our Pennsylvania's infrastructure, I think this state will become a home to many of the under-500 employee firms that have always sprung up around centers of heavy manufacturing and industry. We need to take pains to make sure that Pennsylvania has a diversified economy with both traditional industry and these small- and medium-sized job producers.

In summary, I don't think we should choose to stand by and watch industries die, victims of unfair foreign trade.

I don't think we should choose to allow our nation's highways, bridges, and public works to crumble around us when we could create jobs rebuilding them.

I don't think we should choose to let factories shut down and move out when workers and their communities are willing to work together to save them.

I don't think that we should choose to abandon the progress of the labor movement in promoting good wages and safe working conditions.

We must choose to fight for our future.

That's why we're working together on this legislation. Because while things have gone from bad to worse in Pennsylvania, we know that it doesn't have to be this way if we choose to make things better.

We don't have to choose the failed policies of the present Administration, which put so many out of work. Instead, we can choose public policy which stabilizes our industries and which creates new jobs, new plants, and a new start for our economy.

That's the kind of Pennsylvania I want—where the struggles and efforts of working people triumph.

Where people like my grandfather, John "Buck" Fish, an ironworker, were proud to play a part in building the state.

Let's make a new Pennsylvania and a new nation where everyone can get a decent job.

Let's pass HR 1398 and forge a new future for Pennsylvania and America.

Mr. MARTINEZ. Thank you, Congressman Edgar. I would like you to have my remarks associated with yours. From what I gather you are saying the "failed policies of the past," which the President enunciated as he campaigned for election against Jimmy Carter, are now the failed policies of the present. [Applause.]

With that, I will turn to our next witness. It gives me great pleasure to introduce one of your own, Mr. Lynn Williams, president of the United Steelworkers of America.

STATEMENT OF LYNN R. WILLIAMS, PRESIDENT, UNITED STEELWORKERS OF AMERICA

Mr. WILLIAMS. Chairman Martinez, Congressman Hayes, Congressman Murphy, Congressman Kolter, Congressman Edgar. I would like to thank you very much, Mr. Chairman, for your presence here today. For the initiative you have demonstrated in bringing this subcommittee here, today, to Aliquippa, and for the opportunity which you have provided for the steelworkers and others to present testimony here to you in the heart of one of the most important areas in America, and one of the areas which has been most devastated.

I appreciate, of course, the initiative of Congressman Hayes, our old union—I should not say old—our senior union colleague, who has done so much work in the labor movement and in the House on behalf of working people, and his initiative in terms of this bill.

Mr. MARTINEZ. He is the oldest one here.

Mr. HAYES. He is telling the truth.

Mr. WILLIAMS. Congressman Murphy and Congressman Kolter, of course, we know very well. We know how they have continued to put forward the concerns of the people in this area, generally, the concerns of working people everywhere. The concerns about unemployment. It is always good to see them. I see them quite frequently, and it is always a pleasure to be associated with them.

Insofar as Congressman Edgar is concerned, we are doing our damndest, if you will excuse the expression, to make your slip of the tongue accurate. We know what he has done, and we know what he can do, if he is given an opportunity to serve in the Senate. We look forward to the happy occasion on which we will celebrate his election.

The United Steelworkers of America welcomes the opportunity to testify in support of H.R. 1398, the Income and Jobs Action Act of 1985.

The committee has already traveled to Chicago and to Warren, OH. You have seen for yourselves and heard testimony from the members of those communities about the devastation which has occurred in our manufacturing sectors. The decline in these areas has been increasing rapidly since 1979. To quote a recent Office of Technology Assessment report on structural employment, "between January 1979, and January 1984, 11.5 million workers lost jobs, due to plant closing or relocation, abolition of position or shift, or slack work period." The report goes on to list a litany of problems confronted by these displaced workers. These workers experience prolonged periods of unemployment. Nearly one-quarter had unemployment of 1 year or more.

As a result of these long periods of unemployment, these employees have exhausted not only their unemployment insurance benefits, but the very fabric of their economic stability begins to unwind. These structurally unemployed are soon reaching deep into their savings to preserve the one real investment they possess, which is their home. For many, the attempt to save the home ends up being futile. In many instances, because insurance coverage has run out, or is too expensive for a single employee to continue, these workers are faced with draconian medical decisions, not only for themselves, but for their spouses and children. When these workers have found reemployment, it is more than likely that the wages and benefits will be dramatically below their former levels.

A Census Bureau survey shows that 45 percent have taken a pay cut. In addition, many of these workers find themselves left without pension protection. They have too little service to vest in the pension plan that they lost, and are now working for a company which provides no pension benefits.

The destruction of the industries in the heartland of America, and the destruction of the hopes and dreams of the families that work in these industries, is nowhere better exemplified than by the current places in the basic steel industry.

Since 1977, there has been a 56-percent drop in steel employment. Between 1979 and 1983, 219,000 workers in primary metals have been displaced. By comparison, the auto industry, also considered hard-hit, had an employment reduction of 16 percent between 1979 and 1984.

As this committee has already heard from steelworkers in Warren, OH, the decline of the steel industry has had a permanent and traumatic effect on these communities. Today, the committee is in another devastated steel community. Here, once again, the committee will hear and see the empty steel mills and the shattered lives.

While we cannot change the past, and it is unlikely that steel will provide 400,000 jobs in the future, this union will not sit by and allow the basic steel industry to disappear.

Before we examine H.R. 1398, we would like to make some observations concerning the current crisis in steel. First, the steelworkers union will and is negotiating, in good faith, with the various steel companies, as we did in 1983.

As you will recall, at that time, we took wage reductions which were estimated to save the seven basic steel companies $2.9 billion. In fact, it is our finding that 72 percent of all operating cost reductions since 1982 have come from lowering employment costs, both within and outside the bargaining units. Once again, in this year's basic steel contract negotiations, we are working to craft settlements which will contribute, in various ways, to the economic viability of the distressed steel companies while, simultaneously, recognizing that any sacrifices which our workers might make must be viewed as investments and, at the same time, do everything possible to maintain the standard of living which steelworkers have struggled so long to achieve.

Second, it is our conclusion, after both internal and external research, that we cannot solve the crisis in steel alone. Merely reducing employment costs, without addressing the basic internal and external structural problems of the basic steel industry will not result in a long term and lasting solution.

We need a combination of the industry, the union, the communities, the State, and Federal Government, and the financial institutions working together to address the macro and microeconomics of the steel crisis.

We have done our part, and we will continue to do our part. One of the reasons that I am here today, is to ask this committee to remind the Congress that it has a significant role to play with the steel industry, if the 200,000 remaining steelworkers are to be saved.

This brings us to a discussion of H.R. 1398, and how it can be used in addressing the problems of basic steel.

Since 1946, it has been the policy of the U.S. Government to work toward full employment. In 1978, with the Humphrey-Hawkins Full Employment Act, we all hoped that the implementation of reaching the goal would be more clearly defined. However, as we see with the current Reagan administration, the 1978 act is being ignored.

What H.R. 1398 does is to more clearly define those policies and programs which are necessary in dealing with employment and unemployment. Many of the sections of the bill clearly relate to the needs of the basic steel industry and other sectors of the industrial base.

Under section 5(d)(1), the bill calls for reductions in real and nominal interest rates. As of 1984, the basic steel industry had a total debt of $7.9 billion. The industry is at the point where they are not borrowing money to modernize, but are actually borrowing to maintain current operations. Lowering of interest rates would be beneficial to the steel industry and would be a necessary ingredient in lessening the steel crisis.

Also under the same section, the bill calls for increased programs of private and public works, in repairing and improving the Nation's infrastructure. Once again, the infrastructure improvement is bound to have a direct impact on the steel industry, as Congressman Edgar just indicated.

Bridges, locks, dams, and other construction need steel, and this means continued steel employment. In addition, there are the kinds of jobs which currently unemployed steelworkers who are not able to return to the steel mills should be receiving. These are the kinds of jobs which will pay more than the $3.35 minimum wage, which they are currently receiving in many areas of the service sector. A minimum wage, I might add, which is far below the poverty level.

Section 5(d)(7) provides for vastly improved education, training, and retraining. As the committee already knows, the union has embarked, along with the companies, on a retraining program. However, this training program, and the Job Partnership Training Act, have not yet scratched the surface of what is necessary for displaced workers. It is estimated that the JTPA Program, in its first 2 years, has served no more than 5 percent of the eligible workers.

These training programs must be coupled with adequate, long-term unemployment benefits, in order for them to be successful.

Section 5(d)(8) called for the prevention of plant closings through all feasible means. We support this section of the bill as strongly as we supported H.R. 1616, which was narrowly defeated last fall. Workers have a right to be notified and consulted when management makes a decision to close a plant. Time and time again, we have seen instances where labor has cooperated with management to avert shutdowns. The honest and scrupulous employer has nothing to fear if notification and consultation are part of the law.

Under section 3(c), the bill calls for adequate income for those able and willing to work, even when opportunities are not available. The steelworkers endorse this concept, just as we endorsed and fought for continuation of the Federal Supplemental Compensation Program last year.

In February 1985, there were 8.5 million people out of work; 65 percent of those people were not receiving unemployment insurance. It is foolhardy to believe that people will seek long-term training programs if they are not matched with long-term unemployment benefits.

We would also include under this section a continuation of the TAA Program. This program provides assistance to those who are the victims of the current trade policy. In 1984, 35,000 workers received income support payments, 6,538 entered TAA-assisted training, and 3,120 got relocation assistance.

In short, it is safe to say that H.R. 1398 is a blueprint for the kind of Government policies that are necessary to prevent future economic catastrophies from occurring. With this blueprint, economic sectors would fit and work together to achieve sustained national economic growth. Under H.R. 1398, we could easily envisage the reestablishment of a steel tripartite advisory committee. Under both the Carter and the Reagan administrations, we experimented with bringing together the industry, labor and Government, to address the concerns of the industry. The process allows the problems in basic steel to be examined and addressed before the crisis develops.

We would be asking questions such as "What is our long term trade policy? What is necessary, in terms of research and development? What are the long term employment trends" and any of the other factors which make up the steel industry equation.

Today, there is no forum for us to plan. Today, we can only plead our case before you and the American people. H.R. 1398 not only provides a basis from which new proposals can be made, but also provides a framework in which current legislation, addressing various economic problems, can fit. Some of the proposals currently before the 99th Congress which the steelworkers supports are as follows.

Tax reform-investment tax credit: As part of the packages being presented to reform the process, the union supports the concept that would allow a redemption of unused investment tax credit under limited circumstances, which revenues could be diverted only to the steel industry's modernization program. This provision is made more attractive by splitting the refund. An ITC refund could be structured, which would give 85 percent to the companies while 15 percent was used to fund a displaced workers program.

Infrastructure: The steelworkers supports H.R. 1776, a bill which would establish a national infrastructure fund. Congressman Howard's bill commits $30 billion, over a 10-year period, for infrastructure projects. In addition to H.R. 1776, we will continue to support the authorization of public works projects.

Buy American: We will continue to support and encourage Buy American provisions in various legislative proposals. The importance of these provisions to the steel industry is demonstrated in the Surface Transportation Act. It is estimated that for every $1 million of expenditure of funds, 193 tons of steel is used. The Buy American provision in this bill generates steel demand.

Training programs: We will seek continuation of the JTPA Program. However, in order for this program to be successful, it must be funded at acceptable levels. We oppose the reduction which the administration proposes for this program.

Steel research and development: The administration has announced its intention to rescind its already modest proposal for steel research and development. We will support in Congress, a continuation of the $7.5 million appropriated for steel-specific projects.

Steel trade: Any realistic domestic economic policy requires an appropriate adjustment of trade policy, so that domestic production, based upon increased demand, is not shifted overseas. This is particularly true for the steel industry. We have advocated that the present national steel policy of 20.2-percent import penetration be codified, so that we can obtain a better share of our market, at a time when serious restructuring is underway in the steel industry.

The bill's focus upon a sector-manpower policy would very quickly bring to the surface the need for a steel-specific trade policy, which, unfortunately, is evolving slowly, and in an incomplete fashion.

According to current estimates, there are 33 million poor people in the United States of America. Eleven million are children under 15 years of age. It is estimated that we currently have 3 million homeless people in this country. Again, many of these are children.

What has happened since 1979 in our steel communities, and in other basic industries, is producing an abandoned generation. The children of these steelworkers will not receive the health care they deserve, live with reduced nutrition, will have lower education opportunities. In short, will be worse off than their parents.

We can only guess at the future price we will pay, if we continue to neglect this generation. But we should not be motivated by future fear, but by current compassion. The role of government in the care and advancement of the people is an idea which is not dead.

H.R. 1398 is a continuation of the idea and the hope that the future will be different. Working together, we can save the jobs of steelworkers. We can make our towns and cities grow. We can give hope and health to our children.

As we are now seeing, economic changes are not isolated in our Midwestern communities. The rapid decline in the price of oil is causing major unemployment problems in the major oil-producing

States. Perhaps the time is now ripe for the forging of new coalitions between Southern and Northern Members of Congress. The Southern Members are now, or soon will be, faced with constituents who no longer have unemployment benefits. Who will be without health care benefits. And who will face mortgage foreclosings. We should work with these Members to seek economic solutions, which are beneficial to all American workers.

We can still see a light, but it grows dim. Congress, the administration, the industry, the union, and the financial community, must all work quickly to save basic steel.

Thank you.

[The prepared statement of Lynn Williams follows:]

Prepared Statement of Lynn Williams, President, United Steelworkers of America

The United States Steelworkers of America welcomes the opportunity to testify in support of H.R. 1398, the Income and Jobs Action Act of 1985.

The Committee has already traveled to Chicago and to Warren, Ohio. You have seen for yourselves and heard testimony from the members of those communities about the devastation which has occurred in our manufacturing sectors. The decline in these areas has been increasing rapidly since 1979. To quote a recent Office of Technology Assessment report on structural employment, "Between January 1979 and January 1984, 11.5 million workers lost jobs due to plant closing or relocation, abolition of position or shift, or slack work period." The report goes on to list a litany of problems confronted by these displaced workers. These workers experience prolonged periods of unemployment. Nearly one-quarter had unemployment of one year of more. As a result of these long periods of unemployment, these employees have exhausted not only their unemployment insurance benefits, but the very fabric of their economic stability begins to unwind. These structurally unemployed are soon reaching deep into their savings to preserve the one real investment they possess, which is their home. For many, the attempt to save the home ends up being futile. In many instances, because insurance coverage has run out or is too expensive for a single employee to continue, these workers are faced with draconian medical decisions not only

But while we cannot change the past, and it is unlikely that steel will provide 400,000 jobs in the future, this union will not sit by and allow the basic steel industry to disappear.

Before we examine H.R. 1398, we would like to make some observations concerning the current crisis in steel. First, the Steelworkers union will negotiate in good faith with the various steel companies as we did in 1983. As you will recall, at that time we took wage reductions which were estimated to save the seven basic steel companies $2.9 billion. In fact, it is our finding that 72% of all operating cost reductions since 1982 have come from lowering employment costs, both within and outside the bargaining units. Once again, in this year's basic steel contract negotiations, we are working to craft settlements which will contribute in various ways to the economic viability of the distressed steel companies while, simultaneously, recognizing that any sacrifices which our workers might make must be viewed as investments and, at the same time, do everything possible to maintain the standard of living which steelworkers have struggled so long to achieve.

Second, it is our conclusion after both internal and external research that we cannot solve the crisis in steel alone. Merely reducing employment costs without addressing the basic internal and external structural problems to the basic steel industry will not result in a long-term and lasting solution. We need a combination of the industry, the union, the communities, the state and federal government, and the financial institutions working together to address the macro- and micro-economics of the steel crisis.

We have done our part and we will continue to do our part. But one of the reasons that I am here today is to ask this committee to remind the Congress that it has a significant role to play if the steel industry and the 200,000 remaining Steelworkers are to be saved.

This brings us to a discussion of H.R. 1398 and how it can be used in addressing the problems of basic steel.

Since 1946, it has been the policy of the United States government to work towards full employment. In 1978, with the Humphrey-Hawkins Full Employment Act, we all hoped that the implementation of reaching the goal would be more clearly defined. However, as we see with the current Reagan administration, the 1978 act is being ignored. What H.R. 1398 does is to more clearly define those policies and programs which are necessary in dealing with employment and unemployment. Many of the sections of the bill clearly relate to the needs of the basic steel industry and other sectors of the industrial base. Under Section 5(d) (1), the bill calls for reductions in real and nominal interest rates. As of 1984, the basic steel industry had a total debt of $7.9 billion. The industry is at the point where they are not borrowing money to modernize but are actually borrowing to maintain current operations. Lowering of interest rates would be beneficial to the steel industry and would be a necessary ingredient in lessening the steel crisis.

Also under the same section, the bill calls for increased programs of private and public works in repairing and improving the nation's infrastructure. Once again, the infrastructure improvement is bound to have a direct impact on the steel industry. Bridges, locks, dams and other construction mean steel, and this means continued steel employment. In addition, these are the kinds of jobs which currently unemployed Steelworkers who are not able to return to the steel mills should be receiving. These are the kinds of jobs which will pay more than the $3.35 in minimum wage which they are currently receiving in many areas of the service sector. A minimum wage, I might add, which is far below the poverty level.

Section 5(d)(7) provides for vastly improved education, training and retraining. As the committee already knows, the union has embarked along with the companies on a retraining program. However, this training program and the Job Partnership Training Act (JPTA Program) have not yet scratched the surface of what is necessary for displaced workers. It is estimated that the JTPA Program in its first two years has served no more than 5% of the eligible workers. These training programs must be coupled with adequate, long-term unemployment benefits in order for them to be successful.

Section 5(d)(8) called for prevention of plant closings through all feasible means. We support this section of the bill as strongly as we supported H.R. 1616 which was narrowly defeated last fall. Workers have a right to be notified and consulted when management makes a decision to close a plant. Time and time again, we have seen instances where labor has cooperated with management to avert shutdowns. The honest and scrupulous employer has nothing to fear if notification and consultation are part of the law.

Under Section 3(c), the bill calls for adequate income for those able and willing to work even when opportunities are not available. The Steelworkers endorses this concept just as we endorsed and fought for continuation of the Federal Supplemental Compensation Program last year. In February 1985, there were 8.5 million people out of work. Sixty-five percent of those people were not receiving unemployment insurance. It is foolhardy to believe that people will seek long-term training programs if they are not matched with long-term unemployment benefits.

We would also include under this section a continuation of the TAA program. This program provides assistance to those who are the victims of current trade policy. In 1984, 35,000 workers received income support payments; 6,538 entered TAA-assisted training; and 3,120 got relocation assistance.

In short, it is safe to say that H.R. 1398 is a blueprint for the kind of government policies that are necessary to prevent future economic catastrophies from occuring. With this blueprint, economic sectors would fit and work together to achieve sustained national economic growth. Under H.R 1398, we could easily envision the reestablishment of a steel tripartite advisory committee. Under both the Carter and the Reagan Administrations, we experimented with bringing together the industry, labor and government to address the concerns of industry. The process allows the problems in basic steel to be examined and addressed before the crisis develops.

We would be asking questions such as, "What is our long-term trade policy?" "What is necessary in terms of research and development?" "What are the long-term employment trends?" and any of the other factors which make up the steel industry equation.

Today, there is no forum for us to plan. Today, we can only plead our case before you and the American people. H.R. 1398 not only provides a basis from which new proposals can be made, but also provides a framework in which current legislation addressing various economic problems can fit. Some of the proposals currently before the 99th Congress which the Steelworkers supports are as follows:

TAX REFORM—INVESTMENT TAX CREDIT (ITC)

As part of the packages being presented to reform the process the union supports the concept that would allow a redemption of unused Investment Tax Credit under limited circumstances which revenues could be diverted only to the steel industry's modernization program. This provision is made more attractive by splitting the refund. An ITC refund could be structured which would give 85% to the company while 15% was used to fund a displaced workers program.

INFRASTRUCTURE

The Steelworkers supports H.R. 1776, a bill which would establish a National Infrastructure Fund. Congressman Howard's bill commits $30 billion over a 10-year period for infrastructure projects. In addition to H.R. 1776, we will continue to support the authorization of public works projects.

BUY AMERICAN

We will continue to support and encourage Buy American provisions in various legislative proposals. The importance of these provisions to the steel industry is demonstrated in the Surface Transportation Act. It is estimated that for every $1 million expenditure of funds, 193 tons of steel is used. The Buy American provision in this bill generates steel demand.

TRAINING PROGRAMS

We will seek continuation of the JTPA Program. However, in order for this program to be successful, it must be funded at acceptable levels. We oppose the reductions which the Administration proposes for this program.

STEEL RESEARCH AND DEVELOPMENT

The Administration has announced its intention to rescind its already modest proposal for steel industry research and development. We will support in Congress a continuation of $7.5 million appropriated for steel-specific projects.

STEEL TRADE

Any realistic domestic economic policy requires an appropriate adjustment of trade policy so that domestic production, based upon increased demand, is not shifted overseas. This is particularly true for the steel industry. We have advocated that the present national steel policy of 20.2% import penetration be codified so that we can obtain a better share of our market at a time when a serious restructuring is underway in the steel industry. The bill's focus upon a sector-manpower policy would very quickly bring to the surface the need for a steel-specific trade policy which unfortunately is evolving slowly and in an incomplete fashion.

According to current estimates, there are 33 million poor people in the United States of America. Eleven million are children under 15 years of age. It is estimated that we currently have 3 million homeless people in this country. Again, many of these are children. What has happened since 1979 in our steel communities and in our other basic industries is producing an abandoned generation. The children of these steelworkers will not receive the health care they deserve, will live with reduced nutrition, will have lower education opportunities; in short, will be worse off than their parents.

We can only guess at the future price we will pay if we continue to neglect this generation. But we should not be motivated by future fear, but by current compassion. The role of government in the care and advancement of the people is an idea which is not dead. H.R. 1398 is a continuation of the idea and a hope that the future will be different. Working together we can save the jobs of steelworkers, we can make our towns and cities grow, we can give hope and health to our children.

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We can still see a light, but it grows dim. Congress, the Administration, the industry, the union and the financial community must all work quickly to save basic steel.

Mr. MARTINEZ. Thank you, Mr. Williams. I have just one question to ask of you. Because we have seen a decline in the steel industry, the production is, I guess, less than 40 percent of the total capability. When people think about technology and modernization, a lot of them think about a loss of jobs. In this respect, I would think that if the steel industry were to modernize, in the short run it might involve some displacement. But, in the long run, it would bring about more employment, in that if we can be competitive again and start getting more steel made and used here than we import, there would be more jobs.

Would you respond to that?

Mr. WILLIAMS. The unemployment crisis we face, Mr. Chairman, I think is many faceted. There is no question that, in terms of maintaining an efficient industry, building an efficient industry, dealing with questions of international competitiveness, we need to modernize and move forward, and have a modern industry.

But I do not think any of us should delude ourselves that, even if we succeed in all of that, and succeed in preserving the kind of industry that we have, that we will create anything like the level of employment which used to exist in the steel industry. Because the march of technology is continuing. As we move, for example, into continuous casting on a massive scale, and we must, with every new continuous caster goes the loss of some more employment opportunities.

So, it is true, if we can rebuild the industry, work on these questions we have talked about, we can create more employment opportunities. We certainly can stop the erosion in steel. We might, at the margin, bring some more people back into the steel industry. But there will remain hundreds of thousands of people across the country in this, and other basic industries, who need employment opportunities.

So it is not—as we see it, at least—it is not an either/or proposition. It is not either have basic industries or have an information economy. Or have a service economy. Or retrain people for new jobs. It is all of those things. We need to do everything in this country, both in terms of maintaining and preserving our basic industries and modernizing our basic industries and developing an improved service and information sector and finding better jobs there and helping presently unemployed workers and helping their children have employment opportunities. It is an enormous challenge, which must be faced, right across the board.

I think our administration is guilty, among other things, of misleading the entire country in this regard. Of cheerleading away in Washington that everything is wonderful, and everything is fine, when, if you move out around this country anywhere, as I am privileged to do in the union a great deal, you see devastation and despair. You see people sinking entirely out of the employment role, just sort of disappearing into the woodwork.

This we must stop, and this we must attack, across the whole range of activities.

Mr. **Martinez**. I think all of us here agree with you. And with that, I am going to turn the panel over to the other Members of Congress. I would like to invoke the 5-minute rule to get through the hearing today.

Mr. **Hayes**. Thank you, Mr. Chairman. I am just overjoyed and impressed by such a comprehensive statement on the part of the president of the United Steelworkers Union.

We have got much work to do. I do hope, Mr. Williams, that you will enjoy some success and succeed to cast a feeling of support in the ranks of the other unions who are devastated too—the problem of unemployment which seem to be not tacked to this issue, as it should be. And we need more support for the entire trade union movement. I will just withhold any questions that I may have for the other panel that is to be heard here this morning.

Mr. **Williams**. OK. I might just comment that we are doing everything in that regard, Congressman, that we can think of. If you think of something else, please do not hesitate to call. We will try that, too.

Mr. **Hayes**. Might help.

Mr. **Williams**. OK.

Mr. **Murphy**. Thank you, Mr. Chairman. I, too, want to commend you, Mr. Williams, and with your permission, I am going to send a copy of your testimony to the White House and hope somebody will read it.

I will reserve, also, my questions until the remaining steelworkers testify. They may cover some things and I may be repetitious. Thank you.

Mr. **Martinez**. Mr. Kolter.

Mr. **Kolter**. Thank you, Mr. Chairman. I think at this point I would like to remind Mr. Williams that he is talking about revitalizing and modernizing our steel mills and to tell our good frends here and you, Mr. Chairman—I do have a bill, H.R. 1398, which takes care of Aliquippa, PA. It is a bill that—we talk about Chrysler Corp. being funded by taxpayers' dollars, taking it over at a period of time, paying back everybody's tax to the Government. They talked about ConRail being taken over by the Government, and eventually the moneys being given back to the Government after they are on their feet.

Why not the steel industry? That is what my bill addresses. That the Government ought to take over the steel industry, to a point where we can do some research and development. A potted plant technology, so to speak, where we can—where other mills learn from the Aliquippa works, here. One national plant here in Aliquippa, and teach the other plants what we are doing down here, and so that eventually, 10 years from now, we can give the mills back to the company; the company can, in turn, pay back to the Government the money they are given.

This would be, in the long run, far cheaper than all the unemployment costs that we have, and other problems. I think it is something you ought to address. I think it is something that the unions ought to be going with me and finding. It will not be easy. It is new thinking. But something that can help Aliquippa.

Mr. **Williams**. Well, Congressman Kolter, we are supporting your bill, and will do everything we can to support you in that endeavor. It is new, it is innovative, it is imaginative, and it is another part of what needs to be done in order to solve this crisis.

Mr. KOLTER. Thank you.

Mr. MARTINEZ. Senator Edgar—excuse me—Congressman Edgar.

Mr. EDGAR. Thank you. Mr. Williams, the core element of your testimony, apart from the legislative initiatives that you had asked for, was the focus on the hopelessness of the people who are unemployed and underemployed. Really, what we are here to talk about today is, really, a real people issue. I have a 19-year-old son who is in college here in this State, who looks around the State and wonders whether or not he should continue here.

I have visited workers who find themselves in factories that are about to close, and wondering, at age 50 or 55, where they should go.

I am reminded of a sentence that Hubert Humphrey stated, when he said the "moral test of Government is what we do to those in the dawn of life, our children, those in the twilight of life, the elderly, and those in the shadows of life, the poor, sick, and disabled." I do not think Hubert would mind if I added the unemployed and underemployed to that moral test.

I wonder if you might speak for a moment of your vision of what Government should be. Should Government be an enemy, or should Government be a partner?

Mr. WILLIAMS. Well, Government, as I see Government, Government in a democratic society should be the instrument of the people. Government ought to be the instrument by which the needs of all the people are represented and are heard and are met. One of the things that is necessary in our kind of a society is to have some balance, if you will, in terms of the needs of the people as opposed to, in a sense, the needs of the corporations and employers. After all, any single corporation—its objective in our society is to maximize its profits. And we see the corporations doing that, and the hope is that somehow they all maximize their profits that will provide work and opportunity for everyone in our society.

Many days that does not work very well. One of the phenomena that we have not discussed this morning is that many of our own corporations contribute to this unemployment difficulty by moving their own manufacturing facilities away from America, off shore, to take advantages of the slave wages, and so on, which you addressed and spoke about this morning.

That is one of the very fundamental problems we face. I would suggest everyone read Business Week a few weeks ago, where they talked about the Ball Corp., and demonstrated, in frightening detail, what is happening in corporate America.

People have only a few ways to deal with that phenomenon. One way they try to deal with it is through the labor movement. Our own people's organization, and through collective bargaining and all the rest. But there is clearly a limit to what people can do through their labor institutions, because we have a right to bargain, but we do not have a right, really, to decide and determine how this society operates.

The instrument that does is Government. The representatives of the people in Government are people like yourselves. And the responsibility that Government has is to look after the needs of all the people. And if any sector in the society is not able to meet those needs and provide employment and provide work, then the Government should be there. The Government should be there, structuring policies that make it possible for everyone to work. The Government, in our view, should be the employer of last resort. That if we are not able to provide employment for people, through the normal functioning as a private enterprise sector of our society, then the public sector should come to the rescue and make it possible for everyone to work.

There can be no more damaging experience in any society, than to have people of whatever age—I appreciate your quote from the late Senator Humphrey. Would that he had been elected President of America, and we might not be sitting here discussing all these terrible problems today.

There is nothing worse than having our people wanting to work. Think of the talent that is sitting in this room, today. Think of the people in this room, and I applaud the organizers of this meeting for the turnout and for the size. We could just, everybody in America, read those signs, and then go home and think about them.

Think of the talents that are here, that wants to go to work. The most educated, skilled, trained workforce in the history of the world is here, available in America today. And yet, instead of putting it to work, we have it out on the dole or welfare or just totally demoralized.

It is a disgrace. It is unconscionable. It must be addressed. And government has the principal responsibility, in a democratic society, to address those questions and find the solutions.

Mr. Edgar. And responding to that need is also part of our national security.

Mr. Williams. Absolutely.

Mr. Edgar. Thank you. Thank you, Mr. Chairman.

Mr. Martinez. Thank you, Mr. Williams. We appreciate your testimony. It has been most valuable to us, and we are very grateful.

Mr. Williams. Thank you very much. Thank you for the opportunity. I neglected to mention that my two colleagues with me this morning are Bill George, who does not need any introduction to this audience. Bill is our legislative representative in Harrisburg. And on my right is Bill Kleinfelter—I am surrounded by Bills here this morning. Bill Kleinfelter who is in our legislative staff in Washington.

Thank you very much for this opportunity.

Mr. Martinez. Time for the second panel, and we will introduce them. Ms. Darlene Caplan, Midland Center for Career Development; Dr. James Cunningham, University of Pittsburgh; Mr. John Morabito, president, Labor Council of Beaver County; and Mr. Julius Uehlein, the president of Pennsylvania AFL-CIO.

[Pause.]

Mr. Martinez. We will start with the testimony of Julius Uehlein.

STATEMENT OF JULIUS UEHLEIN, PRESIDENT, PENNSYLVANIA AFL-CIO

Mr. UEHLIN. Thank you, Chairman Martinez. I do not know. I do not believe this is working.

First, let me thank you, Chairman Martinez, for being thoughtful to bring your subcommittee to here in Beaver County, where the need is so great. I also want to thank my very good friend, Joe Kolter, and Austin Murphy.

Does that sound better? I just got a little closer.

I was just thanking my good friend, Representative Joe Kolter, and Austin Murphy, for being here, and working so hard for us. I, too, would refer to Representative Bob Edgar as Senator Bob Edgar, because Pennsylvania needs him very much.

And then, of course, I want to thank my new friend, Representative Hayes.

Let me start out—it is not in my testimony—but there is a sign behind you that says "Unemployed Crisis Center of Lorraine County, Ohio." I do not know if those cheering know it or not, but 40 or 45 years ago, I happened to be the president of the Lorraine County CIO. So that brings back a memory to me.

As you have stated, I am president of the Pennsylvania AFL-CIO. It is a pleasure for me to testify on the Income and Jobs Action Act of 1985, on behalf of the 1.2 million members here in Pennsylvania.

No issue is of greater concern to working men and women in the Commonwealth than job opportunities and income support for those unable to find employment. Since early in this decade of the eighties, large parts of our Commonwealth have suffered under an unrelenting depression. And I would like to add, there, that, of course, I have been a steelworker all my life. But today's testimony is not only on behalf of steelworkers, because the industrial workers, the building trades, the Government workers—all are suffering. And I just thought I should mention that. Nowhere is that depression more readily apparent than in western Pennsylvania.

Statewide, between 1979 and 1984, Pennsylvania lost 217,000 manufacturing jobs. In the steel industry alone, 87,000 jobs were lost in this same time period, and 28,000 have been lost in the textile and apparel industries.

Unemployment has not been limited to manufacturing. We have also lost good paying construction jobs, and our State government has closed out 13,000 jobs since 1980. I would like to add on there, our Governor, Governor Thornburg brags that he has been able to let go 13,000 government workers here in Pennsylvania, as though he were doing the workers of Pennsylvania a great favor.

I do not want to further belabor this subcommittee with statistics on this problem. The presence of the subcommittee here, today, is testimony to your recognition of our problems.

I think it was put quite well recently in a statement by Jim Dolson of McKeesport, a participant in the steelworkers program of education about communities in distress. Dolson told Senators Heinz and Specter, and I quote "we are dying. We are hurting, and nobody is paying any attention." Until now. And that is why we thank you and your committee so much for coming here, and trying to help us.

The subcommittee is here to learn what we can do. The Pennsylvania AFL-CIO fully supports the principle of the Income and Jobs Act. Specifically, the right to earn a decent living, and the right to an adequate income for adults, unable to earn a living through paid employment.

These are principles embraced by almost all citizens. The question before the subcommittee is the role that Government should play in guaranteeing these rights.

Over the past 6 years, there has been a dramatic shift away from accepting that jobs and income are the responsibility of the Government to protect and sustain. Prior to that time, and for 40 years, the dominant social policy embraced the philosophy that we are our brother's keeper.

We believe that more often than not, unemployment was the result of a lack of opportunity to work, rather than malingering and indolence. We understand that the leveling off, the purchasing power maintained demand for goods, increasing productivity, and general economic well-being.

Somewhere along the way, we lost our collective sense of common purpose, and started to blame the individual for his or her unemployment. I place the retrenchment on commitment and purpose as starting sometime in the mid-1970's. This shift correlates not so accidentally, with the maturing of the "me" generation.

The philosophers of the new right have replaced "we are our brothers' keeper," with the much less Biblical philosophy of social Darwinism.

Unemployment is the function of natural social laws, survival of the fittest. Opportunity abounds, and those who fail to capture opportunity lack personal drive, spirit, intelligence, physical ability, or some other unjustifiable characteristics.

Forget about plant closings, slack demand, foreign competition, changes in consumer needs, technology, consolidation, mergers, relocations, leveraged buy-outs, interest rates, taxes, and the rest. Unemployment is the result of some individual failure. And we all know who that individual is.

This shift away from our brothers' keeper to social Darwinism has had dramatic impact, as expressed in legislation, and the lives of unemployed.

Today, the unemployment insurance system provides only modest protection to the State's unemployed. Of the 350,000 officially counted as unemployed, less than half are actually receiving unemployment compensation. The Pennsylvania system provides protection to less than one out of every two individuals desiring work, but unable to find employment.

In October 1985, only 35 percent of the officially counted unemployed received compensation. This problem is even more greatly magnified when we include discouraged workers as part of the unemployed.

This contrasts sharply with the protection provided by unemployment insurance, only a decade ago, when over 85 percent of the officially unemployed were eligible for and receiving benefits. To be exact, in March 1975, 87 percent of the unemployed were eligible, and receiving benefits. In March 1976, 91 percent of the unemployed were eligible and receiving benefits. In March 1985, only 45 percent of the unemployed were eligible and receiving benefits.

This dramatic change results from changes in the Federal and State law, and new patterns of unemployment. The net effect is that we are not providing income protection for over half the unemployed.

Not only is the coverage diminishing, but the dollar value of the protection provided by unemployment compensation insurance is also shrinking. Unemployment insurance, when first enacted, was designed to provide 50-percent wage replacement to unemployed workers. The only time this legislation goal was achieved was when the law was first enacted. Since 1939, the wage replacement value of unemployment compensation has steadily decreased. The most significant change has occurred because of the failure to include fringe benefits in the calculation of unemployment compensation.

Disregarding fringe benefits, today's average unemployment compensation check of $140 per week is 42 percent of the statewide average weekly wage of $347. The average weekly check of $140 is only two-thirds of the federally established poverty index, and is only 40 percent of the Bureau of Labor Statistics lower standard budget for a family of four.

The value of the unemployment compensation check has been steadily eroding. The inability of the unemployed to qualify for medical assistance or any health care protection is the most serious.

Serious illness for the unemployed is the economic death penalty.

The programmatic implications of these two major shifts in unemployment insurance protection are dramatic. Clearly, the fact that unemployment insurance protects less than half of the uninsured, and that unemployment compensation checks are inadequate, means that more must be done in the areas of income support, either through direct aid in food, heat, and shelter, or through an income transfer or a combination of income transfer, supported work, or training.

Unfortunately, instead of more aid, cutbacks—instead of more aid, cutbacks are being made in every income support program.

The second major issue, creating job opportunities, is a more complicated problem. We are in need of a game plan to protect and expand American jobs. Crucial to this effort is a comprehensive trade policy, which encourages the development of American industry. Similarly, we must adopt plant closing legislation and programs to identify and assist industries in trouble which show potential for continued economic contributions.

We must also develop a more balanced approach to military and domestic spending. It is well documented that military spending produces less jobs than spending on domestic programs. It is also clear that our military spending is at an unparalleled rate for peacetime.

At the same time, our domestic needs are not being adequately addressed. Should we lose our steelmaking capacity in this country, we not only lose productive, good-paying jobs, but we undermine our defense. Surely, a strong defense is just as dependent on civilian production capacity and general economic welfare as it is on military hardware.

The need for investment in our roads, bridges, sewers, water systems, education, environmental protection, and other domestic needs, is well documented. I would like to add there, an article I read just this week, that tells us the enrollment in college has been going down dramatically, except one area. And that is in those real expensive colleges, where only the rich can go. I am very fearful that unless something is done, that once again, we are entering that period that the working man's children will no longer be able to get a college education, and only the rich will be getting that education.

And also, equally important, and this was not really surprising to me, but I was not aware of it. And that is, these rich colleges are also very concerned, because they—they are stating publicly that when you cut off the ability of poor people to go to college, you are cutting off the best brain power that this country has.

Well, clearly, given current Federal budgetary deficits, these, and other needs, cannot be addressed without reordering our spending priorities.

I want to, again, thank the subcommittee for coming to our community, to learn what is going on back home. I believe that if we start talking about the real problems, through hearings like this one, we will be able to shift the national debate to the issue of real concern to people—jobs and income.

I want to advise you that you happen to be in one of the strongest union areas in the country. There are others just as strong, but there are none any better. Thank you.

[The prepared statement of Julius Uehlein follows:]

PREPARED STATEMENT OF JULIUS UEHLEIN, PRESIDENT, PENNSYLVANIA AFL-CIO

Chairman Martinez, Members of the Committee and Staff, my name is Julius Uehlein and I am President of the Pennsylvania AFL-CIO. It is a pleasure for me to testify on the Income and Jobs Action Act of 1985 on behalf of our 1.2 million Pennsylvania members.

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I think it was put quite well recently in a statement by Jim Dolson, of McKeesport, a participant in the Steelworkers program of education about Communities in Distress. Dolson told Senators Heinz and Specter and I quote, "we're dying, we're hurting and nobody is paying any attention."

The Committee is here to learn what we can do. The Pennsylvania AFL-CIO fully supports the principles of the Income and Jobs Act—specifically the right to earn a decent living and the right to an adequate income for adults unable to earn a living through paid employment.

These are principles embraced by almost all citizens. The question before the Committee is the role that government should play in guaranteeing these rights.

Over the past six years, there has been a dramatic shift away from accepting that jobs and income are the responsibility of the government to protect and sustain. Prior to that time and for forty years, the dominant social policy embraced the philosophy that "we are our brother's keeper."

We believe that more often than not, unemployment was the result of the lack of opportunity to work rather than malingering and indolence. We understood that the leveling off the purchasing power maintained demand for goods increasing productivity and general economic well-being.

Somewhere along the way, we lost our collective sense of common purpose and started to blame the individual for his or her unemployment. I place the retrenchment on commitment and purpose as starting sometime in the mid 70's. This shift correlates not so accidentally with the maturing of the "me" generation.

The philosophers of the new right have relaced "we are our brother's keeper" with the much less biblical philosophy of social Darwinism. Unemployment is the function of natural social laws—survival of the fittest. Opportunity abounds and those who fail to capture opportunity lack personal drive, spirit, intelligence, physical ability or some other unjustifiable characteristics.

Forget about plant closings, slack demand, foreign competition, changes in consumer needs, technology, consolidations, mergers, relocations, leveraged buyouts, interest rates, taxes and the rest. Unemployment is the result of some individual failure.

This shift away from "our brother's keeper" to social Darwinism has had dramatic impact as expressed in legislation and the lives of the unemployed.

Today, the unemployment insurance system provides only modest protection to the State's unemployed. Of the 350,000 officially counted as unemployed, less than half are actually receiving Unemployment Compensation. The Pennsylvania system provides protection to less than one out of every two individuals desiring work, but unable to find employment.

In October of 1985, only 35% of the officially counted unemployed received compensation.

This problem is even more greatly magnified when we include discouraged workers as part of the unemployed.

This contrasts sharply with the protection provided by unemployment insurance only a decade ago when over 85% of the official unemployed were eligible and receiving benefits.

To be exact, in March of 1975, 87% of the unemployed were eligible and receiving benefits. In March of 1976, 91% of the unemployed were eligible and receiving benefits.

In March of 1985, only 45% of the unemployed were eligible and receiving benefits.

This dramatic change results from changes in the Federal and State law and new patterns of unemployment. The net effect is that we are not providing income protection for over half the unemployed.

Not only is the coverage diminishing, but the dollar value of the protection provided by unemployment compensation insurance is also shrinking. Unemployment insurance, when first enacted, was designed to provide 50% wage replacement for unemployed workers. The only time this legislative goal was achieved was when the law was first enacted. Since 1939, the wage replacement value of Unemployment Compensation has steadily decreased. The most significant change has occurred because of the failure to include fringe benefits in the calculation of Unemployment Compensation.

Disregarding fringe benefits, today's average UC check of $140 per week is 42% of the statewide average weekly wage of $347.

The average weekly check of $140 is only two-thirds of the federally established poverty index and is only 40% of the Bureau of Labor Statistics Lower Standard Budget for a family of four.

The value of the Unemployment Compensation check has been steadily eroding.

The inability of the unemployed to qualify for medical assistance or any health care protection is the most serious.

Serious illness for the unemployed is the economic death penalty.

The programmatic implications of these two major shifts in unemployment insurance protection are dramatic. Clearly, the fact that unemployment insurance protects less than half of the uninsured and that Unemployment Compensation checks are inadequate means that more must be done in the areas of income support either through direct aid in food, heat and shelter or through income transfer or a combination of income transfer, supported work or training.

Unfortunately, instead of more aid, cutbacks are being made in every income support program.

The second major issue—creating job opportunities—is a more complicated problem. We are in need of a game plan to protect and expand American jobs. Crucial to this effort is a comprehensive trade policy which encourages the development of American industry. Similarly, we must adopt plant closing legislation and programs to identify and assist industries in trouble which show potential for continued economic contributions.

We must also develop a more balanced approach to military and domestic spending. It is well documented that military spending produces less jobs than spending on domestic programs. It is also clear that our military spending is at an unparalleled rate for peace time.

At the same time, our domestic needs are not being adequately addressed. Should we lose our steelmaking capacity in this country, we not only lose productive, good paying jobs, but we undermine our defense. Surely, a strong defense is dependent on civilian production capacity and general economic welfare as it is on military hardware.

The needs for investment in our roads, bridges, sewers, water systems, education, environmental protection and other domestic needs is well documented. Clearly, given current federal budgetary deficits, these, and other needs, cannot be addressed without reordering our spending priorities.

I want to again thank the Committee for coming to our community to learn what's going on "back home." I believe that if we start talking about the real problems, through hearings like this one, we will be able to shift the national debate to the issues of real concern to people—Jobs and Income.

Mr. **Martinez**. Thank you, Mr. Uehlein. Before I go to John Morabito, my staff director informs me that I should announce that all of your prepared statements will be entered into the record in their entirety.

STATEMENT OF JOHN MORABITO, PRESIDENT, LABOR COUNCIL OF BEAVER COUNTY, PA

Mr. **Morabito**. OK. Can everybody hear me?

Mr. **Martinez**. Get very close to the mike.

Mr. **Morabito**. Thank you, Chairman Martinez, for bringing your subcommittee to Beaver County, and allowing me to testify before you and your subcommittee.

Beaver County is located in southwestern Pennsylvania, and covers 441 square miles of rolling countryside. While it has many problems associated with a rural community area, it is, in fact, classified as an urban area.

In 1980, the population in Beaver County was approximately 204,000 people. The county's population has been experiencing a gradual decrease. Over the last 5 years, the Metropolitan Pittsburgh area has been a victim of migration to the South, and seems to have been the hardest hit area.

Between June 1983, and July 1984, over 18,000 Beaver Countians moved to other parts of the country looking for work. Many of them left all their possessions behind, because of a poor sellers market.

The county, until 1982, maintained a huge and productive manufacturing complex, in the form of steelmaking and fabricating facilities. In 1980, 88 percent of the working population of Beaver County, was employed within the county.

Today, though, that has changed. We are steadily becoming a bedroom community. Today, many of our working men and women are traveling to surrounding counties for work.

Beaver County has three college campuses—Geneva College, Community College, and the Beaver Campus of the Pennsylvania State University. Although we have these college campuses, and the majority of our high schools have been built in the last 10 years, we still have 35,000 adults in Beaver County who cannot read or write well enough to meet our daily needs.

Many young adults have grown up here, and are leaving the area, and taking education skills that they have acquired here, to other parts of the country in order to look for work.

We are essentially a family-oriented county. There are 9,226 children in family situations, where only one parent—there is only one parent. Maybe because of the stressful unemployment situation.

This change in our employment status has caused our trends in family lifestyles here in Beaver County, to change drastically. Child abuse, for example, is a serious problem in Beaver County. So far, in 1986, 53 suspected cases of physical, sexual, emotional abuse have been investigated.

In the last 6 years, we have lost thousands of jobs due to plant shutdowns and cutbacks. For example, right here in Aliquippa, J and L, in 1979, employed over 14,000 people. Today, there is only 1,100. Other plants in the immediate area, such as Armco, Hydrill, Crucible, and American Bridge, have closed, causing thousands of job losses.

The real unemployment rate of 7.5 percent in December 1981, has changed to over 22 percent in 1983, and now is around 25 percent. By the real rate, I mean people who are unemployed that, for many reasons, do not collect unemployment compensation. For example, people who have been laid off for more than 2 years. High school students who have graduated, and cannot find a job. College students who have graduated and cannot find a job.

There is also another problem here, and across this great Nation, I might add. That problem is underemployment. A lot of people in our area work at fast-food chains and other service-related industries. If they are lucky, they get 15, maybe 20 hours a week, and they have no benefits at all. It is impossible to survive on this type of income.

We are talking about many women—many single parents, with children, that work in this service industry. And they need our help.

Due to the economic downturn, many heads of households, who used to have a decent-paying job, are forced to accept low-paying, or minimum wage jobs. Many of them, right here today, this morning, here in Aliquippa, are forced to cut grass and shovel snow, so that they can just make ends meet.

The time has come to reverse this trend. For this reason we, the labor councils and local unions of Beaver County and western Pennsylvania, wholeheartedly support H.R. 1398. We need legislation that recognizes the right to earn a decent living, and the right to an adequate income for all adults.

We are not asking for another handout. And I would like to stress, we are asking for jobs.

We believe the passage of H.R. 1398, will help solve two of the country's biggest problems. First, as moneys are appropriated back into hard-hit communities, new jobs will be created. These newly employed people will be working on projects to help rebuild our roads, our bridges, and our infrastructures.

Second, these people will be paying their fair share of taxes, by which we will reduce our Federal deficit. And this is how we believe that the deficit should be reduced. Not by cutting school lunch programs and reducing money for the elderly and the housing.

Congressman Hayes, yesterday afternoon, you spoke of people in your area, in Chicago, the children, I might add, that cannot eat at home. And the only meal they get is at school. Well, Congressman Hayes, we have that problem right here. Many times I have been told the principals of the grade schools and the elementary schools go into the kitchens where the cooks are working and point out different children, and ask those cooks and waitresses in the schools, to give that particular child, or this particular child, a little more, because this child will not eat again until he comes back to school tomorrow. So, we definitely have that problem, here, also. And I do not think we can only say that that is only in Chicago, and here in Aliquippa. There are many places across this great country where that happens.

In conclusion, we, the working men and women of Beaver, Butler, and Lawrence Counties, as well as the entire western Pennsylvania, ask that you, Chairman Martinez, along with your subcommittee, and your cosponsors of H.R. 1398, work wholeheartedly for its passage.

We ask that you help us to help you do what is necessary to pass H.R. 1398. I thank you, and thank all of you Congressmen. And I thank all of the people here, today, that have showed up.

Thank you very much.

[The prepared statement of John P. Morabito follows:]

Prepared Statement of John P. Morabito, President, Beaver County Labor Council

BEAVER COUNTY

Geographic-Population

Beaver County is located in Southwestern Pennsylvania and covers 441 square miles of rolling countryside. While it has many problems associated with a rural community area, it is in fact classified as an urban area.

In 1980 the population in Beaver County was approx. 204,000 people. The county's population has been experiencing a gradual decrease. Over the past 5 years, the metropolitan Pittsburgh area has been a victim of migration to the south and seems to have been the hardest hit area.

Between June of 1983 and July of 1984 over 18,000 Beaver Countians moved to other parts of the country looking for work. Many of them left all of their possessions behind, because of a poor sellers market.

Economic

The county, until 1982, maintained a huge and productive manufacturing complex in the form of steel-making and fabricating facilities. In 1980 88% of the working population of Beaver County was employed within the county.

Today, though that has changed, we are steadily becoming a bedroom community. Today many of our working men and women are traveling to our surrounding Counties for work.

Education

Educational levels are on the increase, and figures demonstrate an upward trend of more individuals completing their high school education and even continuing to the college level. 61.2% of the population has completed high school. Only 9.2% of the population has completed 4 or more years of college. Beaver County has three college campuses: Geneva College, Community College, and the Beaver Campus of Pennsylvania State University.

Although we have these college campuses and the majority of our high schools have been built in the last 10 years, we still have 35,000 adults in Beaver County who cannot read or write well enough to meet daily needs.

Many young adults who have grown up here are leaving the area and taking the educational skills that they have acquired here, to other parts of the country, in order to look for work.

We are essentially a family oriented county.

Families represent 85.1% households of which 75% are husband-wife households.

There are 9,226 children in family situations where there is only one parent. Mainly because of the stressful unemployment situation. This change in our employment status has caused our trends in family life styles here in Beaver County to change drastically. Some examples are:

Many of our young people are postponing marriage until a later age

There is a declining number of children being born

Increase in the 45 years of age and over population

Welfare

Beaver County has its poor, those people who are receiving welfare payments and have no other source of income. 7 percent of the population is on cash assistance; 11 percent Food Stamps; and 12 percent Medical.

Children and Youth

Child abuse, physical, sexual, emotional and neglect is a serious problem in Beaver County. So far in 1986 53 suspected cases have been investigated.

For last years total there were 222 suspected cases investigated, 127 physical abuse, 89 sexual abuse, 3 mental abuse and 3 neglected abuse.

Transportation

Contributing to the economic success that we once had is the readily availability of access through navigable waterways and one of the largest electrically controlled railyards. Beaver County ranks 51st in size in the State in terms of area. Prior to 1982, ranked among the top fifteen in the State as an industrial center.

The Pennsylvania turnpike and the new expressway provide ready access to the area and supplement the water and rail transportation system. The industrial accessibility to market places is a good one.

We, here in Beaver County and in W.PA have the necessary basics to fulfill the need of all types of industry.

What we lack, not only in Beaver Co. or W.PA, but across this entire great nation is legislation to stop the flood of imports and legislation to provide us all with an equal opportunity for a decent wage.

Labor

In the last 6 years, we have lost thousands of jobs due to plant shutdowns and cutbacks. For example J&L right here in 1979 employed over 14,000 people now about 1100. Other plants in the immediate area such as Armco, Hydrill, and American Bridge have closed causing thousands of job losses. Median income for families in this area in 1980 was $13,675. However, the civilian labor force, consisting of those persons 14 years of age and over, has demonstrated a downhill slide. The real unemployment rate of 7.5% in December of 1981 has changed to over 22% in 1983 and now is around 25%. By the real rate I mean, people who are unemployed, but for many reasons don't collect unemployment compensation. For example people who have been laid off for more than 2 years and what about all the underemployed. A lot of people in our areas work at fast food chains or in other services related industries, 15 hours a week and no benefits. It is impossible to survive on this type of income.

Due to the economic downturn, many heads of households who used to have a decent paying job are forced to accept low paying or minimum wage jobs.

The time has come to reverse this trend. For this reason we the Labor Councils and Local Unions of Beaver County and W.PA wholeheartedly support H.R. 1398. We need legislation that recognizes the right to earn a decent living and the right to an adequate income for all adults.

SUMMARY

We believe that the passage of H.R. 1398 will help solve two of our Country's biggest problems. First, as monies are appropriated back into hard hit communities, new jobs will be created. These newly employed people will be working on projects to help rebuild roads, bridges and infrastructures. Secondly, these people will be paying their fair share of taxes to which will reduce our federal deficit.

This is how we believe this deficit should be reduced—not by cutting school lunch programs, or reducing monies for the elderly and the housing, etc.

IN CONCLUSION

We, the working men and women of Beaver, Butler and Lawrence Counties as well as the entire W.PA area ask that you, Chairman Martinez along with your subcommittee and sponsors of H.R. 1398 work wholeheartedly for its passage.

Mr. MARTINEZ. Thank you, John.

With that, we will turn to Dr. Cunningham.

STATEMENT OF JAMES CUNNINGHAM, UNIVERSITY OF PITTSBURGH

Mr. CUNNINGHAM. Mr. Chairman, members of the hearing panel, the southwestern Pennsylvania region is broken into two worlds. One world is the world of rights. It runs from the universities, through downtown, and up the corridor to the airport.

There is a second world, from the once-prosperous industrial communities, up and down the rivers, that produce most of the wealth that built that downtown, those universities—that corridor along the airport.

But it is in the growth area that we see most of our public hearings held, and Presidential announcements made. It was just 3 years ago, April 1983, that President Reagan came to the downtown—that Reagan announced his Job Partnership Training Act. It is refreshing, and it is most encouraging to have this hearing panel meet, today, in the industrial section of this once-prosperous southwestern Pennsylvania region.

Aliquippa, particularly, where this hearing is being held, symbolizes the wastefulness of the accelerating forces which have struck down the productive communities of southwestern Pennsylvania.

Thirty percent of Aliquippa's labor force is unemployed, even when calculated with the very narrow definition used by the Labor Department, based on reduction in jobs from 10,000 to 800 since 1980, and the accompanying more than 50-percent drop in the earned income tax accrual since then.

We have a collaboration of this that is very fresh. Just in the last 10 days, citizen volunteers have done a door-to-door survey of plan 12 in Aliquippa, as a well-kept, median-income neighborhood, largely of present and former steelworkers; 512 households were interviewed there; 142 heads of household were retired, and 370 in the labor force. Those 370 in the labor force, just in the last week, we learned 54 percent reporting they are unemployed.

This cannot be called a pocket of recession. It can only be called a disaster of national proportions. Massive joblessness now is chronic, I underline chronic, in much of this area. The 10 counties that are represented in whole or in part by Mr. Kolter and Mr. Murphy, have lost 128,000 relatively high-paying factory jobs since 1980. And then have been replaced by only 31—a gain of only

31,400 jobs in nonmanufacturing. That is a net loss of approximately 97,000 jobs in their 10 counties.

Many collaborating studies confirm the widespread and long-term nature of unemployment in southwestern Pennsylvania. If we consider that at least 11 other States have an official unemployment rate running higher than Pennsylvania, we know jobs remain a truly national need, requiring congressional attention.

My testimony will focus, now, on Aliquippa, with the belief that the view from a small community, now down to 15,000 people, struggling for survival, is most revealing and useful in determining Federal policy.

The University of Pittsburgh, as part of its regional mission and responsibility has been working for 2½ years with the people in Aliquippa to help them gather the information and resources essential for local planning and action.

The massive unemployment in this area can be seen in many ways. Young individuals and young families with education and energy are leaving Aliquippa. Twenty percent of the school enrollment has been lost since 1980. Youth in the schools, growing up with the need for much more expensive, rigorous, and advanced technological education to prepare for the changing labor market and the jobs in the future, find themselves in a school district with declining revenues and pressures to retrench.

Valuable human institutions, churches, ethnic societies, like the one whose building we are in now, small businesses, painstakingly built up over 80 years, are losing their base of members and customers. Even the town's magnificent library is threatened by financial problems at a time when students from Aliquippa, from much of Beaver County, and even some from Allegheny County, need it more than ever.

Efforts to renew Franklin Avenue, the old main street, have been cut short. Much of the street now lies empty and almost abandoned.

Families who paid $35,000 for their neat small houses on the hills surrounding Franklin Avenue 6 years ago, cannot sell them now for $25,000.

In a town which was largely planned and built by the steel company, blacks and whites, from the beginning, were housed in separate plans. This legacy of segregation, and the hostility it has helped to foster, requires common effort at a time of crisis, when Aliquippa desperately needs unity. Now many poor families live cut off in the city's subsidized housing projects. A recent survey by Prof. Sidney Elkin of Beaver Campus of Penn State found 63 percent of the families in the housing project reporting they are now isolated from shopping; 47 percent experience difficulty even getting to job interviews, through the lack of public transportation; 62 percent not even able to obtain needed medical facilities.

But there are people and organizations in Aliquippa who are fighting back. Such communities have men and women of energy and imagination. Extended families, churches, clubs, Local 1211 of Steelworkers, Aliquippa Hospital, the local media, and many other forces, are helping people survive with food, money, health services, and recreation.

The new Beaver County Unemployed Committee is helping people save their homes and obtain free health services. The local government, business, churches, neighborhoods, social agencies, local 1211, and others, have formed the Aliquippa Alliance for Unity and Development. They work to rise above the factions and antagonisms of the past, so that the community can speak with one voice, obtain the needed outside resources, and launch job-producing economic development projects. The alliance has purchased one of the vacant buildings on Franklin Avenue, and unemployed volunteers are remodelling it, as a center for services and community job creation efforts.

It is this group that recently conducted the door-to-door survey in plan 12, a survey aimed at qualifying that area. And it was very easy to qualify it for Federal community development funds.

Four retraining organizations have established centers in the town. Borough government is changing its structure from borough to third class city, to obtain more taxing power over the mill's idle property, which could help force it into reuse of that property for more productive purposes.

Members of the local governments of Aliquippa, Ambridge, and Midland, in concert with the steelworkers and the local State legislators, are completing a feasibility study, looking toward what reuse should be made of the mill property.

Certainly the results, up to now, are not favorable as far as traditional steelmaking is concerned, but there are many other possible uses the studies can look at for the future of that 6½ miles of valuable river-front property.

These local self-help efforts are complemented by far-reaching plans at the county level. The county has a very sharp, smart strategic plan. A ring of industrial parks and expressways that would link and feed off the enlarged Greater Pitt International Airport. There are more people now working than at any other place in Beaver County—there are more persons employed, we understand, according to the Beaver County Times, there are more people employed by U.S. Air than any other single employer in Beaver County.

There is evidence, here, of genuine self-reliance, which can be found repeatedly in towns and communities throughout this region. But as is traditional and logical in American society, there are plans—plans by local communities, can only succeed when there is substantial help from State and Nation. Survival and rebuilding of industrial towns depends on expressways opening up new job markets. Modernization of new bridges and expansion of public transportation. Extended mortgage help so people can save their homes through the crisis. Broadened base of insured health care for those who have lost their health insurance. Investment in prime river sites to make them useful again. Updating and modernization of education and training for jobs for the future.

There are a lot of programs that are already in place by the Federal Government, which are being chipped away at by the deficit reduction syndrome that dominates Washington. And unless these kinds of programs are saved and built up, the kinds of plans that Beaver County and the other nine counties of this region have are not going to be put into place.

Only the Federal Government seems capable of ensuring that plans can move ahead to change the economic climate for towns like Aliquippa, and rescue their valuable institutions from decline and waste. H.R. 1398, the bill we are focusing on today, seems like a capstone of Federal wisdom for ensuring that both the people and the small houses on the hillsides around Franklin Avenue, and those in the subsidized housing projects, are insured jobs and income in the future. In Aliquippa, Beaver County, and southwestern Pennsylvania, we are presently piling up enormous numbers of wasted youth, both white and black, who despair of obtaining jobs. Yet these youth are critical to our future.

It is most essential they are offered the same opportunity provided by H.R. 1398. The same imperative holds for the 39-year-old displaced steelworker, set adrift in a hostile economic world, who still has so much talent and energy left to contribute to family, community, and society.

One final note. I do not know if you read our major Sunday newspaper that comes out in the Pittsburgh area, but yesterday, the Pittsburgh Press, which is historically an independent and quite conservative newspaper, and in fact endorsed that jobs bill. It did not mention 1398, but it said that because of the failure of the presently training programs to provide jobs in large numbers for the unemployed, that it was necessary for our Federal Government to go back to the direct jobs programs of the kinds that were provided under the Civilian Conservation Corp and the Works Progress Administration.

It mentioned yesterday in the Pittsburgh Press, a direct endorsement, if there ever was a direct endorsement, of your jobs bill.

Thank you very much.

[The prepared statement of James V. Cunningham follows:]

PREPARED STATEMENT OF JAMES V. CUNNINGHAM, PROFESSOR, SCHOOL OF SOCIAL WORK, UNIVERSITY OF PITTSBURGH

Aliquippa where this hearing is being held symbolizes the wastefulness of accelerating, unbridled forces which have struck down the productive communities of industrial America during the past six years.

Thirty percent of Aliquippa's labor force is unemployed even when calcaulated within the Labor Department's narrow definition, a figure based on the reduction in jobs from 10,000 to 800 at the Aliquippa LTV mill, and the accompanying 55% drop in wage tax revenues since 1981. (See Tables 1 and 2)

If we stretch the definition of unemployment to include discouraged persons who have quit looking for work, and part-time workers who want full-time jobs, we arrive at an estimated unemployment-underemployment rate that exceeds 50%. In other words, half the people of Aliquippa who want full-time jobs can't find them.

The reality is that massive joblessness now is chronic in much of this area. The ten counties of this Southwestern Pennsylvania region have lost more than 128,000 relatively high paying manufacturing jobs since the 1980s began while gaining only an offsetting 31,400 jobs in non-manufacturing. (See Table 3)

A recent study by the Catholic Diocese shows its six counties to have an unemployment-underemployment rate of 17%.[*] The

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[*] "Jobless Figures add up to depressing Labor Day", Pittsburgh Catholic, August 30, 1985. (The six counties of the Diocese are Allegheny, Beaver, Butler, Greene, Lawrence, and Washington.)

Pittsburgh Post-Gazette last December reported its own survey showing 59% of steel and electrical manufacturing workers laid off in recent years were still unemployed. (See Table 4).

These corroborating studies confirm the widespread and long-term nature of unemployment in Southwestern Pennsylvania. If we consider that 11 other states have an official unemployment rate higher than that of Pennsylvania, we know jobs remain a truly national need requiring Congressional attention.

The testimony will now focus on Aliquippa, with the belief that the view from a small community of 15,000 people struggling for survival, is revealing and useful to determining federal policy. The University of Pittsburgh, as part of its regional mission and responsibility, has been working for 2 1/2 years with people here seeking to help them gather the information and resources essential to local planning and action.

The impact of the massive unemployment can be observed in many ways:

> Young individuals and young families with education and energy are leaving Aliquippa. Twenty percent of school enrollment has been lost since 1980.
>
> Youth in the schools, growing up with a need for expensive rigorous, advanced technological education, to prepare for the changing labor market, find themselves in a school district with declining revenues and pressures to retrench.
>
> Valuable human institutions, churches, ethnic societies and small businesses, painstakenly built up over eighty years, are losing their base of members and customers. Even the town's fine library is threatened by financial problems at a time when students need it more than ever.

Efforts to renew Franklin Avenue, the old main street, have been cut short. Much of the street now lies empty and almost abandoned.

Families who paid $35,000 for their neat small houses on the hills surrounding Franklin Avenue six years ago, now can't sell them for $25,000.

In a town which was largely planned and built by the steel company, blacks and whites from the beginning were housed in separate plans. This legacy of segregation and the hostility it has helped to foster, retards common effort at this time of crisis when Aliquippa desperately needs unity.

Now many poor families live cut off in the city's seven subsidized housing projects. A recent survey of 301 of these families by Professor Sidney Elkin of Beaver Campus of Penn State University found 63% reporting they are now isolated from shopping, 47% experiencing difficulty traveling to job interviews due to lack of public transport, and 62% not able to obtain needed medical services, due to lack of funds. (See Table 5 for more information from this survey.)

The effects of massive unemployment on a once prosperous industrial community can be seen in many other situations including increased shoplifting, robbery, and drug trafficking, and stepped-up family stress: domestic disputes, spouse and child abuse, and doubling-up in housing.

But there are people and organizations in Aliquippa who are fighting back. Such communities still have men and women of energy and imagination.

Extended families, churches, clubs, Local 1211, Aliquippa Hospital, even the local media are helping people survive with food, money, health services, and recreation.

The new Beaver County Unemployed Committee is helping people to save their homes and obtain free health services.

The Aliquippa Alliance for Unity and Development is working to rise above factions and antagonisms of the past so the community can speak with one voice, obtain needed outside resources, and launch job producing economic development projects. The Alliance has purchased one of the vacant buildings on Franklin Avenue. Unemployed volunteers are remodelling it as a center for services and community job creation efforts.

Four retraining organizations have established centers in the town.

Borough government is changing its structure from borough to third class city to obtain more taxing power over the mill's idle property, which could force its reuse for more productive purposes. The new structure also could make possible stronger, more centralized leadership in local government.

Leaders of the local governments of Aliquippa, Ambridge, and Midland, in concert with the United Steelworkers and local state legislators, are completing a feasibility study looking toward reuse of mill property in the three towns.

These local self-help efforts are complimented by far-reaching development plans at the county level. The county's strategic plan calls for a ring of industrial parks and expressway links that would exploit the proposed, enlarged Greater Pitt International Airport, and provide new job opportunities for Aliquippa and other Beaver County communities.

There is evidence here of genuine self-reliance - which can be found repeatedly in towns and counties throughout the region. But as is traditional and logical in American society such plans by local communities only succeed when there is substantial help from the sovereign units of state and nation.

The survival and rebuilding of the industrial towns depends on:

- expressways to open new job markets. and make the area more attractive for new businesses;
- modernization of bridges and expansion of public transportation;
- extended mortgage help so people can hold onto their homes through the crisis;
- broadened base of insured health care for the unemployed and their children;
- investment in prime river front sites to make them useful again for jobs and even for housing and recreation;
- updating and modernization of education and training from kindergarten through college to improve quality and relevance, with sophisticated new programs for unemployed youth, including special incubators for youth created small businesses.

There are programs in place through HUD, the Army Corps of Engineers, Department of Transportation, Health and Human Services, the Department of Education, and other federal units which support such infrastructure. But as we all are well aware these programs are being chipped away as deficit-reduction dominates Washington.

State government is doing more but can only do so as long as it has help from the national level. State government alone seems neither able nor willing to finance the massive programs needed to revitalize networks of industrial communities. Only the federal government seems capable of insuring that plans can move ahead to change the economic climate for towns like Aliquippa, and rescue their valuable institutions from decline and waste.

The final capstone of federal wisdom would come from H.R.1398 which would insure there would not be forgotten people isolated and without jobs or adequate income either in the small houses on the hillsides or the subsidized housing projects. If implemented properly 1398 could provide increased productivity and wealth to the nation, eliminate waste of human resources, and demonstrate once more that it is less expensive to finance productive jobs than it is to finance welfare. It could put people to work building the highways, bridges, modern industrial sites, enlarged airport, and advanced technology schools needed for future prosperity.

In Aliquippa, Beaver County, and Southwestern Pennsylvania we presently are piling up enormous numbers of wasted youth, both white and black, who despair of obtaining jobs. Yet these youth are critical to our future. It is most essential they are offered the kind of opportunity provided by H.R. 1398. And the same imperative holds for the 39 year old displaced steel worker set adrift in a hostile economic world - who still has so much talent and energy left to contribute to family, community, and society.

Table 1

Total Civilian Labor Force
Unemployment and Employment

Annual Averages 1980-1986
Beaver County and Aliquipppa, PA

		80	81	82	83	84	85*	86*
Civilian Labor Force	Beaver County	99,440	98,600	94,400	86,500	78,700	78,000	77,000
	Aliquippa	6,879	6,810	6,600	6,000	5,560	5,250	5,300
People Employed (Full-time & Part-time)	Beaver County	91,900	91,700	77,600	68,300	68,000	67,000	66,220
	Aliquippa	6,109	6,129	5,478	4,440	4,250	3,800	3,700
People Unemployed (Actively seeking a job, working zero hours)	Beaver County	7,500	6,900	16,700	18,100	10,800	10,600	10,780
	Aliquippa	770	681	1,122	1,560	1,310	1,550	1,600
Unemployment Rate - Percentage	Beaver County	7.5%	7.0%	17.7%	21.0%	13.7%	13.6%	14.0%
	Aliquippa	11.1%	10.0%	17.0%	26.0%	23.5%	28.5%	30.2%

Sources: Beaver County data from Pennsylvania Office of Employment Security; 1980 Aliquippa date from U.S. Census; Aliquippa data for 1981-86 estimated by School of Social Work, University of Pittsburgh.

*Estimated

Note: Since 1980, manufacturing employment in Beaver County has declined from 35,300 to 16,100. Of the 19,200 manufacturing jobs lost, 9,000 were located in Aliquippa. An estimated 1,800 of the 9,000 lost jobs were held by residents of the Borough of Aliquippa.

TABLE 2

Enrollment and Financial Information
Aliquippa School District
1979-1986

School Year	1979-1980	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Student Enrollment	2393	2246	2118	2084	2016	2058	1926
Earned Income Tax Revenue	388,015	403,021	440,803	277,421	233,446	242,405	225,880*
Property Tax Revenue	3,512,905	3,032,341	3,176,874	3,201,854	3,100,453	3,165,197	3,145,920*

Source: School District of Aliquippa, Pennsylvania

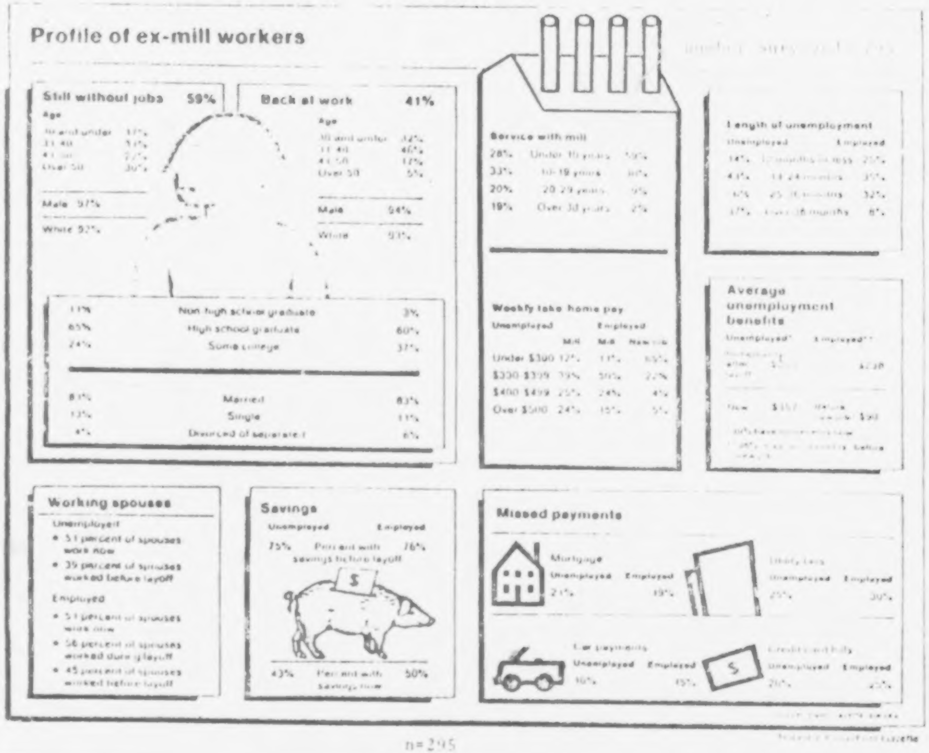
Table 3

Manufacturing and Total Employment for Ten Counties of Southwestern Pennsylvania 1979 and 1986

County	Total Employment 1979	Total Employment 1986	Total Employment Change	Manufacturing Employment 1979	Manufacturing Employment 1986	Manufacturing Employment Change
Armstrong	27,200	24,900	-2,300	4,400	2,700	-1,700
Beaver	95,600	56,300	39,300	38,700	11,700	-27,000
Butler	57,100	58,400	1,300	16,100	11,700	-4,400
Greene	12,200	12,500	300	700	500	-200
Indiana	38,300	30,900	-7,400	5,700	3,400	-2,300
Lawrence	39,500	39,400	-100	10,200	6,700	-3,500
Allegheny	599,100	559,500	-39,600	Pittsburgh Labor Market Area 224,500	134,700	-89,800
Fayette	65,000	63,200	-1,800			
Washington	88,500	86,200	-2,300			
Westmoreland	159,700	153,400	-6,300			
TOTALS	1,182,200	1,084,700	-97,500	300,300	171,400	-128,900

Source: Pennsylvania Office of Employment Security
Notes: 1979 figures are annual average; 1986 figures are as of February, 1986;
Manufacturing employment only is not available for individual counties for Pittsburgh Labor Market Area

TABLE 4



Profile of ex-mill workers

Still without jobs	59%	Back at work	41%
Age		Age	
30 and under	17%	30 and under	32%
31-40	31%	31-40	46%
41-50	22%	41-50	17%
Over 50	30%	Over 50	5%
Male	97%	Male	94%
White	92%	White	93%

11%	Non high school graduate	3%
65%	High school graduate	60%
24%	Some college	37%
83%	Married	83%
13%	Single	11%
4%	Divorced or separated	6%

Service with mill

28%	Under 10 years	59%
33%	10-19 years	30%
20%	20-29 years	9%
19%	Over 30 years	2%

Weekly take home pay

	Unemployed	Employed	
	Mill	Mill	New job
Under $300	12%	11%	69%
$300-$399	39%	50%	22%
$400-$499	25%	24%	4%
Over $500	24%	15%	5%

Length of unemployment

Unemployed		Employed
14%	12 months or less	25%
43%	13-24 months	35%
26%	25-36 months	32%
17%	Over 36 months	8%

Average unemployment benefits

	Unemployed*	Employed**
[illegible] after layoff	$[illegible]	$238
Now	$157	Before layoff $[illegible]

* [illegible] have [illegible] now

** [illegible] before layoff

Working spouses

Unemployed
- 51 percent of spouses work now
- 39 percent of spouses worked before layoff

Employed
- 51 percent of spouses work now
- 56 percent of spouses worked during layoff
- 45 percent of spouses worked before layoff

Savings

Unemployed		Employed
75%	Percent with savings before layoff	76%
43%	Percent with savings now	50%

Missed payments

	Unemployed	Employed
Mortgage	21%	19%
Utility bills	25%	30%
Car payments	16%	15%
Credit card bills	20%	22%

n=295

Source: Pittsburgh Post-Gazette, December 30, 1985

Table No. 5

Needs and Attitudes of Aliquippa Families
Who Reside in Subsidized Housing Projects
(301 Families Surveyed - Figures are Percentages)

Health

Do not see physician due to lack of funds	61.7%
Unable to fill prescriptions due to lack of funds	46.5
Can't afford eye check-ups	57.1
Can't afford dentist	55.8
No Medicare card	42.5
Increased illness in family	26.2

Food

Unable to purchase adequate food	59.1
Food stamps do not solve food needs	66.7
Shortage of milk for children	47.5
No supermarket in neighborhood	53.1

Housing

Behind in rent payments	43.1
Living quarters are sub-standard	31.5

Utilities

Behind in payment of electric bill	49.8
Behind in payment of gas bill	36.5
Behind in payment of telephone bill	33.2
Telephone service disconnected for non-payment	24.5
Failed to get energy assistance	35.8

Family Condition

Family member(s) sometimes suffer depression	60.4
Watch more TV	73.4
More arguments occur now	24.5
Feelings of loniliness	53.0
Lack of recreation facilities	55.8
increased use of drugs/alcohol	19.9

Job Skills and Retraining

Members of family have inadequate job skills	43.5
Cannot afford trade school or college for retraining	54.1
Not able to get in any job training program	43.8

Transportation

No near-by public transportation	46.1
Can't get to food bank to secure food	45.8
Gave up job due to transportation problems	24.5
Can't do proper shopping due to transportation	63.1

Financial and Employment Problems

Inadequate funds for necessities	73.0
Creditors harass continually	28.9
Tried but unable to find job	55.8
Difficult to get to job interviews due to lack of transportation	47.1

Government Services

Public protection inadequate	62.7
Public officials not listen act on complaints	53.4
Street lighting inadequate	42.1

Source: 1985 Household survey conducted by the Pennsylvania State University - Beaver Campus and the Alliance for Consumer Protection of Beaver County, under the direction of Professor Sidney Elkin.

Mr. MARTINEZ. Thank you, Dr. Cunningham. We will now hear from Ms. Darlene Caplan.

STATEMENT OF MS. DARLENE CAPLAN, MIDLAND CENTER FOR CAREER DEVELOPMENT

Ms. CAPLAN. Hopefully last but not least. Thank you, Chairman Martinez for being here, for supporting this. Congressmen Hayes, Murphy, Kolter, and Edgar, thank you, again, from all of us here.

Cooperation between the private and public sector, focusing on community revitalization via economic development is and has been the Midland Center for Career Development's primary objective. The concept is difficult to realize, but with positive legislation, such as H.R. 1398, integrated into committed business and community efforts, our county, State, and Nation can prosper.

We have many dedicated leaders, many of whom are here today. However, we are in need of effective legislation. The combined energies of our organization, LTV, the United Steel Workers of America Locals 1212, 1211, 1360, and district 20, in addition to Armco, Inc., have demonstrated the positive results which can be achieved, only one of which is over 540 full-time job placements in Beaver County.

The effect MCCD has had on many dislocated workers lives cannot be discounted. Daily, we attempt to counter human frustrations, the frustration of not being able to provide for one's family, of attempting to obtain a job in our devastating and decreasing local labor market, where the reported unemployment rate stands at over 15 percent. Of losing all that one has toiled for in ones life, standing by and helplessly enduring the foreclosure of the American dream, the repossession of dignity.

When a human being has lost hope, he loses control of his life. When a human being has experienced this erosive anxiety, his family suffers as well. When a human being becomes depressed to such an extent, society around him is negatively impacted.

Community mental health in Beaver County has never, in its 15-year history, implemented a children's waiting list. The waiting list presently stands at 5 weeks. The adult waiting list stands at 3 to 5 weeks, when, historically, at greatest it was 2 weeks. Community mental health employs a larger staff than ever before. An indicative statistic of our county's financial situation is method of payment. Four years ago, 50 percent of the patients possessed Blue Cross/Blue Shield. Four years ago 25 percent medical assistance.

Today, currently 60 percent by medical assistance, and 20 percent through Blue Cross/Blue Shield.

MCCD implemented a suicide prevention training course for our staff members, due to increasing need. According to the National Crime Statistics on Beaver County, 39 industrialized worker suicides occurred over the past 2 years. Seventeen additional deaths were indirectly related to these incidents.

Medical assistance applicants have doubled in the past 5 years in Beaver County, with 14 percent of the total population on medical assistance.

Gateway Rehab, which is drug and alcohol rehabilitation, say that their demand has increased. However, ability to pay has decreased. Medical assistance does not cover nonhospital treatment programs. Consequently, Gateway has had to turn down between 50 and 100 clients per month.

Family Services of Beaver County has observed more disruption in the family unit. An increase of drug and alcohol problems, an increase in violence and approximately 49 percent of Family Services' clients are unemployed.

An ironic factor in social service agencies is that the counselors who are counseling these troubled individuals are experiencing their own imminent layoffs, due to cutbacks in Federal funds.

Children and Youth Services states that unemployment plays a major role in family dysfunction. Increase in alcohol abuse contributes to marital difficulties, apathy, and neglect of children, who become caught up in their parents grief.

MCCD was established to aid former crucible steelworkers with the help of private, State, and Federal funds, until they needed us no more, thus go out of business in 2 years. Into our third year, we have serviced over 2,000 individuals, and are proud of their accomplishments. But instead of closing, we have recognized increasing need for our services. A satellite facility opening in Aliquippa to service LTV-dislocated workers. A job search module in conduction with CCBC community members. A steelworker initiative grant increasing our target population to include former Armco and B and W workers. Project Hometown America, outreached to locate steelworkers who are not utilizing, but needing, requiring, the dislocated worker programs. And in May, we opened another center in Ambridge for Armco.

What is to become of our skilled labor base? Since 1979, across the country, more than 11.5 million workers lost their jobs. Five percent of these dislocated workers will be reached by JTPA.

The service industries cannot support these numbers. Those who are enamored of the service sector, at the expense of the manufacturing industries should take notice. A recent U.S. Chamber of Commerce report has found that for every 100 manufacturing jobs creates $2 million in personal income, 7 new retail stores, 64 nonmanufacturing jobs, and $1.5 million in retail sales.

The imperative point is, Beaver County's skilled labor base does not need training dollars up front, but job opportunities, created through economic development, necessary Federal dollars, and a committed group of citizens from the public sector, and especially the private sector, working cooperatively toward one primary goal, revitalization of Beaver County. The secondary goal being training programs to fill the needs of new employees.

What is needed is a fundamental change in the economics of the country. More Federal incentives to strengthen manufacturing industries. We need to actualize our primary objective, and put our county back to work.

The passage and implementation of H.R. 1398 would contribute greatly in furthering our objectives. We are grateful to Chairman Martinez, Congressmen Hayes, Murphy, Kolter, and Edgar, and John Morabito, for addressing the concerns of Beaver County, and the country's unemployed.

For developing, sponsoring, and working for the passage of a plan to efficaciously aid unemployment, guaranteeing those most impacted by unemployment an equal opportunity to benefit from job-creating programs.

Thank you.

[The prepared statement of Darlene W. Caplin follows:]

PREPARED STATEMENT OF DARLENE W. CAPLAN, TRAINING COORDINATOR, THE MIDLAND CENTER FOR CAREER DEVELOPMENT

Cooperation between the private and public sector, focusing on community revitalization via economic development is and has been The Midland Center for Career Development's (MCCD's) primary objective. The concept is difficult to realize but with positive legislation integrated into committed business and community efforts, our county, state and nation can prosper.

We have many dedicated community, business and political leaders—dedicated and concerned—however, we are in need of effective legislation.

The combined energies of our (The Midland Center for Career Development) organization, LTV Steel Company, The United Steelworkers of America, Locals 1212, 1211, 1360, and District 20, in addition to Armco Inc. have demonstrated the positive results which can be achieved, namely over 540 full-time job placements, 90 positive placements, the creation of The Midland Health Center and many basic economic development endeavors.

The effect MCCD counselors and trainers have made in many dislocated workers lives cannot be discounted. Daily our staff meets and attempts to counter human frustrations—the frustration of not being able to provide for one's family; the frustration of attempting to obtain a job in our devastating and decreasing local labor market where the *reported* unemployment rate stands at 15.2%; the frustration of losing all that one has toiled for in one's life—standing by and helplessly enduring the foreclosure of the "American Dream", the repossession of dignity.

When a human being has lost hope, he loses control of his life. When a human being has experienced this erosive anxiety, his family suffers as well. When a human being becomes depressed to such an extent, society around him is negatively impacted.

Community Mental Health of Beaver County has never, in its fifteen year history, until last fall (1985), implemented a Children's Unit waiting list. The waiting list presently stands at 5 weeks.

Mental Health professional, Beverly Sullivan who is Director of Human Services, states "A troubled child should never wait longer than 1 week for help." The adult waiting list stands at 3-5 weeks when historically, the wait was, at greatest, 2-3 weeks.

CMH employs a larger staff than ever before. An indicative statistic of our county's financial situation is method of payment. Four years ago, 50% of CMH patients possessed Blue Cross/Blue Shield, with 25% of clients utilizing Medical Assistance Cards; currently, 60% of payment is by Medical Assistance, while only 20% through Blue Cross/Blue Shield.

MCCD implemented a suicide prevention and referral methodology training course for staff members due to increasing need. According to the National Crime Statistics Report on Beaver County, 39 industrialized worker suicides occurred within a 2 year period. (1/84-1/86) More shocking, 17 additional deaths were indirectly related to these incidents.

The numbers of Beaver Countians applying for Medical Assistance has doubled in the past 5 years, with 14% of the total population of our county currently on Medical Assistance.

Gateway Rehabilitation Center (drug/alcohol rehabilitation) Executive Director, Kenneth Ramsey states, "Since 1982, demand has increased, however, ability to pay has decreased. Medical Assistance does not cover non-hospital treatment programs. Consequently, Gateway has had to turn down approximately 50 to 100 patients per month."

Mildred Smolkovich, Executive Director of Family Services of Beaver County has observed more disruption in the family unit with more young people escaping from the troubled situation at home, an increase in drug/alcohol problems, an increase in caseloads, and more violence. Approximately 49% of Family Service clients are unemployed.

Ms. Smolkovich views a direct correlation between length of unemployment, and severity of problem. Family Services also has a long waiting list.

An ironic factor in social service agencies is that the human service professionals who are counseling troubled individuals are experiencing their own imminent layoffs due to cut-backs in federal funds.

Thomas Mangino, Director of Children and Youth Services of Beaver County, reinforces these reported problems. Unemployment has played a major role in family dysfunction. He says an increase in alcohol abuse contributes to marital difficulties, apathy and neglect of children who become caught up in their parent's grief.

The necessity of the two income family has created many more latchkey situations when spouses are forced into the labor market. More teens and younger children go unsupervised, possibly contributing to the increase in juvenile crime. The Midland Center for Career Development was established to aid former Crucible steelworkers in their search for employment. MCCD's mission was to aid our target population with the help of private, state and federal funds until they needed us no more, thus go out of business in two years. Into our third year, we have serviced over 2000 individuals and are proud of their accomplishments, but instead of closing, we have recognized increasing need for our services—June 1985, MCCD opened its satellite facility in Aliquippa to service LTV-Aliquippa dislocated workers; January 1986, MCCD in conjunction with CCBC created a job search module for community members; February, 1986, Steelworker Initiative Grant awarded which increased MCCD's target population to include former Armco and B&W workers; February, 1986, American Express Company, through its Project Hometown America awarded private grant to MCCD and CMH to locate those former steelworkers not utilizing, but needing, the dislocated worker programs; and, May 1986, MCCD opens an Ambridge facility for former Armco Inc. employees.

SDA 05 (B.C.) statistics show that white-collar workers will account for 47% of all annual average job openings in the county through 1990.

What is to become of our skilled labor base? From 1979–1984 more than 11.5 million workers lost their jobs; 60% were able to obtain jobs; 45% realized a pay cut with 2/3 earning less than 80% of their former income; 5% of those dislocated workers will be reached by the Labor Department's Job Training Partnership Act. (Congressional Office of Technology Assessment)

The service industries cannot support these numbers. Those who are enamored of the service sector at the expense of manufacturing industries should take notice. A recent U.S. Chamber of Commerce report has found that every 100 manufacturing jobs creates $2 million in personal income; seven new retail stores; 64 nonmanufacturing jobs; and, $1.5 million in retail sales.

The imperative point is, Beaver County's skilled labor base does not need training dollars upfront—we need job opportunities created through economic development, the federal dollars necessary, and a committed group of citizens from the public sector and especially, the private sector, working cooperatively toward one primary goal—revitalization of Beaver County; the secondary goal being training programs to fulfill the needs of new employers.

What's needed is a fundamental change in the economics of the country—more federal incentives to strengthen manufacturing industries. We need to actualize our primary objective and put our county back to work.

The passage and implementation of H.R. 1398 would contribute greatly in furthering our objectives. We are greatful to Chairman Martinez, Congressmen Murphy, Kolter, and Hayes, for addressing the concerns of Beaver County and the country's unemployed; for developing, sponsoring, and working for the passage of a plan to efficaciously aid unemployment, guaranteeing those most impacted by unemployment an equal opportunity to benefit from job creating programs.

Mr. MARTINEZ. Thank you, Darlene.

I think several of you have referred to the fact that JTPA is only serving about 5 percent of the unemployed's needs. You are absolutely right. This committee has oversight of the JTPA Program also, and we have held hearings on it.

Overall, JTPA is a great success. The problem is that it is only serving about 5 percent of the need, and the present administration does not see that. The fact is that the dislocated workers portion of JTPA was cut back 55 percent last year, on the grounds that the moneys were not spent. They knew full well that because of performance contracting, those moneys were obligated but standing in the accounts. And yet, they went ahead and Congress allowed it to happen.

I say Congress allowed it to happen, because we have as much of a responsibility of protecting those programs as the administration. Serving 5 percent is better than nothing, and that is all we can get out of this administration.

We really need to expand JTPA to where it covers 100 percent. The thing is that this when deliberating on this program, when it was going through the House, I was not in the position that other Congresspeople were.

I got there just at the tail end of that bill, and I was then able to vote on it.

It was Gus Hawkins' bill, and he was the chairman of this subcommittee at that time. Gus Hawkins was champion of that bill, just the same as Charlie Hayes is the champion of this bill. He drew a great deal of opposition from this administration. Yet, on the day that we had a press conference for that, and were going to the floor with it, the press accused the Democrats of only using this bill, the JTPA bill, as the political vehicle, in order to have Democrats elected.

Ron Dallomson, who is usually very eloquent, was just as eloquent when he said—and I will say that in the case of Charlie Hayes' bill, too, if they accuse us of the same thing—we do what is right. We do it because it needs to be done, not because it is a political vehicle for anyone.

At that time, the President gave the JTPA bill no more chance of passing than he does this one. But it passed overwhelmingly in the House. The Senate also voted to pass it, and the President dared not veto it.

The President then signed it into law in California, with nothing but Republican representatives around him, as if it were their bill. He did not even invite Gus Hawkins, whose bill it was. And the same thing will happen here when he signs H.R. 1398.

But the contradiction is, that by declaring the JTPA was their bill at that time of election, they were using it as a political vehicle for election. Even though the President announced to the world the great coming of his new bill, he has done everything, since, to dump the bill, to cut the resources for the bill. This is something we have to fight.

So, JTPA is a good program, and it is testified in all the hearings I have held that it needs to be expanded. It needs to be expanded along with adopting this bill that Charlie Hayes has.

I would simply turn the questioning over to the panel here. We will start with Charlie Hayes.

Mr. HAYES. Thank you, Mr. Chairman. I am just overjoyed by the kind of response we have gotten here. I just had not anticipated this kind of strong support. I know this is only the beginning of what is necessary in order to move forward.

I do not want to philosophize. It is not my purpose for being here. But this kind of bill is being characterized by some—has been characterized as being a dream. Call it what you will; I hope it is a dream that comes true.

When I look at those young kids that came into this hall, here, and some of them are still in the audience, it is this kind of legislation that makes some plans for their future. It gives them some hope for the future. And yes, it gives this Nation of ours a measure of security. Because to the extent that we provide for them and educate them and train them and provide them with a productive life, we secure this Nation of ours much better than building guns to do it.

I have got one question I want to ask to the people here who are leaders of the trade union movement. You have some idea, you say you have some comprehensive figures. There are not enough jobs to go around. The Government, even after retraining people, has the problem of placement after retraining.

The Government has, through the Senate, as I see it, become an employer of major consequences. Yet, we find ourselves going down what is conceived to be a very catastrophic highway, of fewer and fewer jobs available for the American people. There are pressures for concessions which you know about better than I do, on the part of some corporate interests, through the shot-gun approach of collective bargaining in unionized plans—or a hint of it. Where they say to people, unless you agree to these kinds of concessions, we are going to have to close down your plant or this business operation. And some have gotten concessions, and still followed through on the closedown.

The airline companies are a case in point, if you just look at them. A little over 1 year ago, United Air Lines had a strike of the pilots which I consider to be the leaders of the trade union movement.

United forced them to take cuts, yet this same company, which is not going broke by any stretch of the imagination, was able to find enough money to purchase certain of the international routes from, Pan Am Air Lines.

Eastern Air Lines forced a 20-percent reduction in the pay of its employees in order to make it more palatable for Texas Air Co. to buy Eastern.

Their hostesses at TWA are on strike now, because they refuse to accept more than the 15-percent decrease in pay.

Now, everywhere you have gone, there are going to be a lot of people, even when they consolidate, change, or move, they seem to wind up with fewer jobs. Is there a need—my specific question—for legislative action on the part of our Congress? Some of these corporate interests received subsidies, and help from the Government to promote these kinds of programs. Is there a need for legislation in this direction that might halt this trend?

[Applause.]

Mr. Hayes. I would like to hear some members of the panel address themselves to that. You do not have to be influenced by the response of the audience. How about you, Ms. Caplin? Do you think we need to do something?

Ms. Caplin. Absolutely. You know we do. That is why you are here, and that is why we want you here.

Thank you, again.

Mr. Hayes. Mr. Cunningham.

Mr. Cunningham. The extent of the unemployment just absolutely calls for a direct jobs program. The only solution that is going to take up the slack and end what is now chronic unemployment, is employment that is going to last a long, long time unless more drastic measures are taken.

Mr. HAYES. OK. All right. I have got an idea. You used up all my time. Thank you.

Mr. MARTINEZ. Congressman Murphy.

Mr. MURPHY. Charlie Hayes—you are a great humanitarian. In prefacing my question I want to say that the minority in Congress suffer the great frustration of a terrible change in philosophy that overcame our country in January 1981, when we were told, and the majority of the American people believed, and apparently they did, again, in 1984, that Government is not the solution, that Government is the problem. The majority of American people still believed it in 1984.

The problem that we have is that with that kind of an attitude, the priorities of our country have changed. At the same time those priorities have changed, away from the needs of our people, our country has incurred a $2 trillion national debt. Apparently, the President has accomplished what he set out to do, so handcuffed the minority in Congress with that attitude, and that debt, that today, when we try to address the real problems that we are addressing here, there seem to be little resources left. And little will, in the general public, to accomplish them.

That brings me to my question. Mr. Uehlein, perhaps you and Mr. Cunningham can help—first, what would be the cost of 1398, if you have any estimate of that?

Mr. UEHLEIN. I do not have any precise——

Mr. MURPHY. The hard cost.

Mr. UEHLEIN. Precise estimate. But when you start to add up the costs of unemployment compensation, various kinds of services for help and lost homes, and the lost productivity, it is not hard to, at least, build a case that unemployment is costing us more than the Government jobs program is costing us. But it depends on what assumptions you make about the amount of loss going on now; what those lost productivity really is.

Congress argued on both sides of this question. But it is not too hard to build a case that unemployment is costing us a lot more than subsidized jobs would cost us, and the productivity we would get out of them.

It is kind of at the base of the case, here, that the Pittsburgh Press made yesterday. Which you know, is no longtime historic friend of the Democratic Party——

Mr. CUNNINGHAM. Will the gentleman yield?

Mr. UEHLEIN. Yes.

Mr. CUNNINGHAM. I think the direct cost of this bill would be less than the cost of about one MX missile. I think that is clearly a cost well worth it.

Mr. MURPHY. I was going to say that we have already expended that amount of cost in the hills of Honduras, and we exceeded that cost recently in the Bay of Sidra, and subsequent activities.

I am glad you brought out the press releases, because I can remember a few years ago when I first entered the Education and Labor Committee, as a freshman Congressman, the press in western Pennsylvania—the one you mentioned, and other local press—hammered the Comprehensive Employment and Training Act. Despite the fact that this was the best program that we ever had. It was the WPA of employment training and employment placing. The cost of the CETA Program was minimal, compared to what we have today. When we had the same crisis in the Monangahela Valley that is facing the Ohio Valley and Beaver Valley today, we had the CETA Program in place, and we put employees in hospitals, schools, municipal buildings, industries, the whole gamut. But the press, and the President's philosophy, hammered that program out of existence, and left us with a very minimal replacement of JTPA.

I think that Mr. Chairman is right. We have to expand JTPA, but we need to reinstitute the type of Comprehensive Employment Training Act that we had before.

With that, I urge your support.

Mr. UEHLEIN. I would just like to mention, in case you are not aware of it, here, in Pennsylvania, where we have the Job Training and Partnership Act, we also have a Republican Governor, who absolutely refuses to the let labor board participate. Even though in the law, you made it mandatory that labor participate. But what this Governor does, he goes out into the boondocks, and uses it for political purposes, will not recognize the Pennsylvania AFL-CIO or any other legitimate union. He will get just—a Republican who happens to work in some plant, and belongs to a union, and therefore says that unions are participating.

But this Governor has—if I violated half of the laws that this Governor is violating, they would put me in jail and throw the key away.

Mr. MARTINEZ. Mr. Kolter.

Mr. KOLTER. Thank you, Mr. Chairman. I have no interrogation. Just a—one thing-type observation. We, here, this morning, the unemployed, the employed, the retirees, the labor leaders at all levels, the townspeople here, this morning, we have all witnessed something. I think we have witnessed the first round win. Because I think we won the first round in our fight to get jobs back.

There is no question in my mind that the report we had here today, the report that the subcommittee takes back to Washington, DC, will be heard loud and clear that we here in western Pennsylvania are fighting, and we are going to fight hard for our jobs.

Now, you know every fight has 15 rounds. Every championship fight. We have 14 rounds to go.

Just let me briefly tell you what to expect. What type of opposition we are having.

For an example, I belong to the Committee of Economic Developments. To me, that means jobs. But the several times we—our committee has come out with legislation to create jobs, designed for the high unemployment area, which is right here, we have had public hearings, at which time either David Stockman or a surrogate of his would come out and testify in opposition to our position, and to our bill, because they say that the President opposed this type of action.

However, we got the bill by the committee, and each and every time the bills were voted in the House of Representatives, and passed over to the Senate or they were killed—died by the Reagan-controlled Senate. That is what we are up against.

We are up against a President who has asked for voluntary restraints on imports, which is part of the problem. And yet, we have had new terminology inserted into the rules, now, where these countries who do not have the ability to produce steel are sending steel to our Nation, here. That is called transshipment. Where a steel-producing country is sending it through a third country to ship from here. And it does not figure as part of the growth. That is unfair.

And we have another term, called transformation, where a manufacturing company will send it to a third country, who makes a minor change, and transforms that piece of steel to something else, and it comes to our country, and is not figured as part of the growth. That is wrong. That is costing a lot of American jobs.

There does not seem—I do have a bill to stop that. I need the help of our labor leaders, here. I need the help of you, the taxpayer, voter, the unemployed. We here in Beaver County have got to stick together.

As was mentioned by Governor Thornburg, you know in order to have success, we have to have cooperations in all levels of Government. But how can we have cooperation from a Governor, who does not know how to bring a Saturn plant here to Pennsylvania? He had every opportunity to bring jobs here, but he did not. He was talking about the quality of life. He was the only Governor, of all the Governors who was involved, who did not try to bring that factory here to Pennsylvania. And I blame him fully for our loss.

So, you see, we do have a problem here. But the answer here, this afternoon—this morning and this afternoon, is we must act like a family. We must stick together. We have the most able leaders there are in our leadership, here. We have able leaders at all levels of leaders. Most able.

We, who are employed, the retiree, the interested parties here, we must stick together like a family. If we can, if we do, 14 rounds from here, we will all be singing together, at the same time, happy days are here again.

Thank you very much.

Mr. **Martinez**. Mr. Edgar.

Mr. **Edgar**. Mr. Chairman, in closing, I wonder if all of us might join in giving you a round of applause for your willingness to come and to listen here in Pennsylvania.

[Applause.]

Mr. **Edgar**. Mr. Chairman, you have come to listen, and what we have heard is that there is a cost of inaction. The cost of inaction is hunger, illiteracy, homelessness, depression, suicide, crime, drug abuse, alcohol abuse, child abuse, and spouse abuse. The price of action is jobs, economic development, food, education, shelter, health, happiness, family values, dignity, hope, and peace.

I, too——

[Applause.]

Mr. **Martinez**. Thank you, Congressman Edgar—hopefully Senator Edgar.

I will adjourn by saying that it is time to do what the President has said repeatedly in his State of the Union messages. Put America back to work, and provide the opportunity for the young to go to work, so that they may have pride in themselves, and confidence in their future.

Let us leave here, today, committed to pass H.R. 1398. We are adjourned.

[Whereupon, at 11:30 a.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

INTERIM REPORT OF STRATEGIC PLANNING COMMITTEE, UNITED WAY OF BEAVER COUNTY, BRIDGEWATER, PA

STRATEGIC PLANNING COMMITTEE

William H. McNees, Jr. (CHAIRMAN)
Steege & McNees
1205 Eighth Avenue
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843-6220

Herb Groves
Manager, Tubing Operations
Babcock & Wilcox
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Matthew Hosie
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Rochester, Pennsylvania 15074
774-9166

UNITED WAY STAFF

Milt Dennis
Executive Director
United Way of Beaver County
1445 Market Street
Bridgewater, Pennsylvania 15009
774-3210

To appreciate the nature of our circumstance, it is necessary to examine the environment in which we operate. What follows is an assessment of economic, campaign, allocations and market conditions affecting our operation.

ECONOMIC FACTORS

Beaver County has for the past 25 years been highly dependent upon the manufacturing sector for employment. Although the economy has diversified over the period, manufacturing still is the primary source of employment.

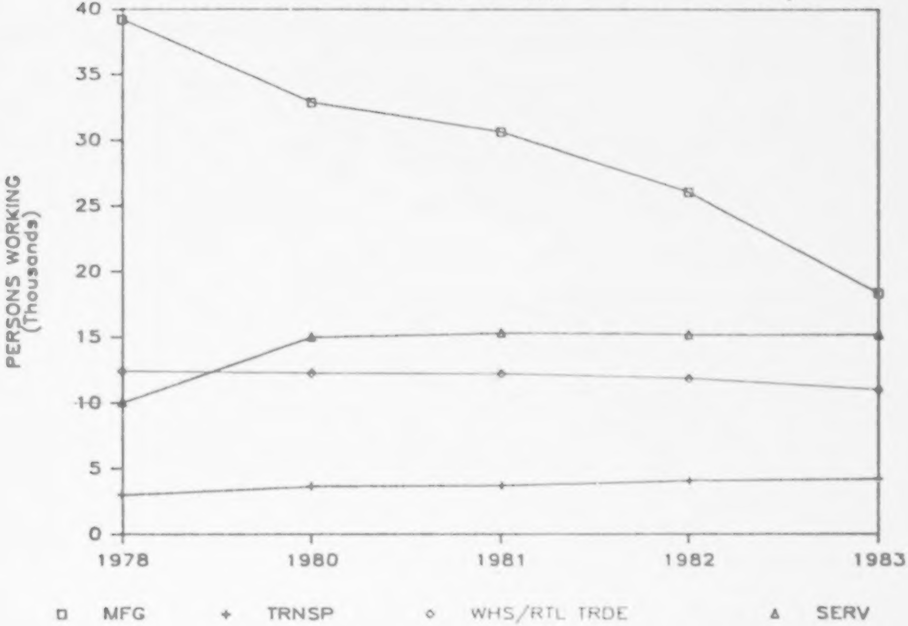
TABLE 1

EMPLOYEE DISTRIBUTION IN BEAVER COUNTY

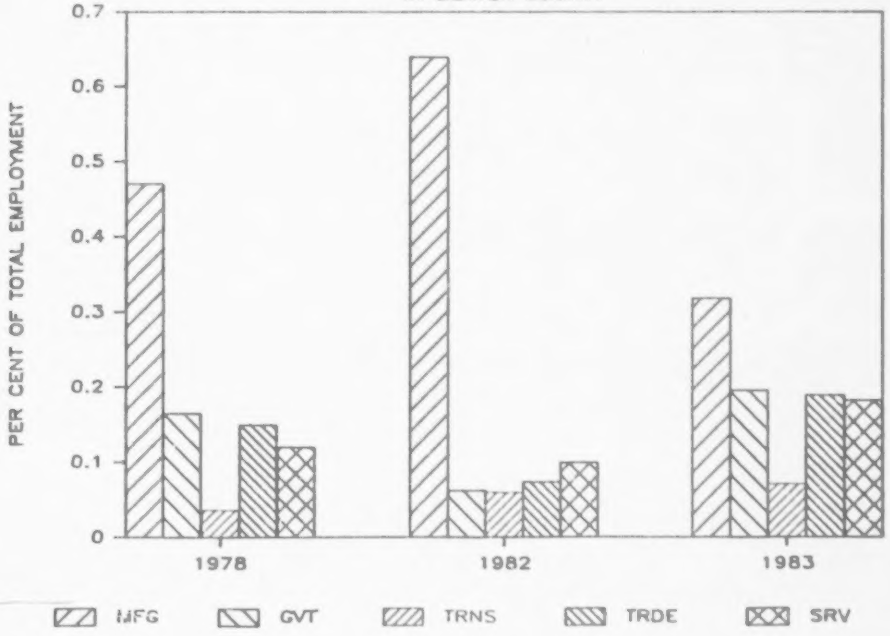
	1959	1969	1975	1979	1980
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
AGRICULTURE	0.0	0.1	0.1	0.1	0.1
MINING	0.3	0.3	0.4	0.3	0.1
CONSTRUCTION	2.9	3.6	3.6	3.5	3.9
MANUFACTURING	71.4	65.9	61.4	56.7	54.8
TRANSPORTATION	2.7	3.0	2.5	3.1	2.9
WHOLESALE	1.5	1.9	1.7	2.2	2.1
RETAIL	11.9	12.7	15.6	17.1	17.2
FIRE	1.9	2.2	2.4	3.0	3.0
SERVICES	7.3	10.3	12.0	13.8	15.2
UNCLASSIFIED	0.1	0.1	0.3	0.3	0.6

- "An Economic Profile of Southwestern Pennsylvania and its Ten Counties"; Written by Larry Goldenberg; June 8, 1984.

EMPLOYMENT BY SECTOR
1978–1983



% OF WORK FORCE EMPLYD BY SECTOR
IN BEAVER COUNTY



By comparison to the region defined as SWPA by the University of Pittsburgh Social Research Center, Beaver County has maintained an inordinate amount of the manufacturing jobs in the region. For example, in 1980, Beaver County accounted for 6.7% of the regions workforce, but 12.2% of the manufacturing jobs. This condition has been rather consistent over the past 25 years.

TABLE 2

PERCENT OF EMPLOYEES IN SWPA WORKING IN BEAVER COUNTY
1959-1980, BY INDUSTRY

	1959	1969	1975	1979	1980
TOTAL	8.0%	7.4%	7.4%	6.8%	6.7%
AGRICULTURE	0.0	3.6	5.0	4.5	6.3
MINING	0.6	1.4	0.8	0.6	0.2
CONSTRUCTION	4.8	4.5	4.4	3.6	4.1
MANUFACTURING	13.1	12.1	13.5	12.8	12.2
TRANSPORTATION	3.2	3.5	3.1	3.3	3.2
WHOLESALE	1.8	2.3	2.1	2.4	2.4
RETAIL	5.8	5.3	6.3	6.2	6.0
FIRE	3.3	3.3	3.3	3.5	3.6
SERVICES	4.4	4.4	4.4	4.0	4.5
UNCLASSIFIED	2.6	5.0	4.0	5.8	7.4

- "An Economic Profile of Southwestern Pennsylvania and its Ten Counties"; Written by Larry Goldenberg; June 8, 1984.

Most of the manufacturing jobs in Beaver County are categorized as primary metals by the standard industrial classification. Sixty-eight percent of the manufacturing jobs in Beaver County are in primary metals.

TABLE 3

PRIMARY METAL INDUSTRY CATEGORIES IN BEAVER COUNTY

INDUSTRY	1980 EMPLOYMENT
PRIMARY METAL INDUSTRIES	24,480
BLAST FURNACE, BASIC STEEL	23,571
BLAST FURNACE, STEEL MILLS	20,836
COLD FINISHING OF STEEL SHAPES	750
STEEL PIPES AND TUBES	1,750
IRON AND STEEL FOUNDRIES	641
GRAY IRON FOUNDRIES	60
STEEL FOUNDRIES, NEC	750
PRIMARY NONFERROUS METALS	175
PRIMARY ZINC	175
NONFERROUS ROLLING, DRAWING	175

- "An Economic Profile of Southwestern Pennsylvania and its Ten Counties"; Written by Larry Goldenberg; June 8, 1984.

The result of this heavy dependence upon manufacturing, and more specifically the steel industry, was a relatively wealthy community. Despite having the oldest and least educated population in the ten county region, Beaver County had the highest per capita income in 1980. A more negative result, however, was that industries that could not compete with the relatively high wages of the steel industry were deterred from locating here and offering a diversified economic base.

When the current recession in the steel industry impacted Beaver County, it did so with dramatic effect. Since 1982, 52 manufacturing plants have closed in the SWPA region and six of those were in Beaver County. Another 52 manufacturing establishments have substantially reduced their workforce and ten of those were in Beaver County. Jobs lost as a result of these closings and reductions total more than 35,000, 10,369 of those were from Beaver County.

TABLE 4

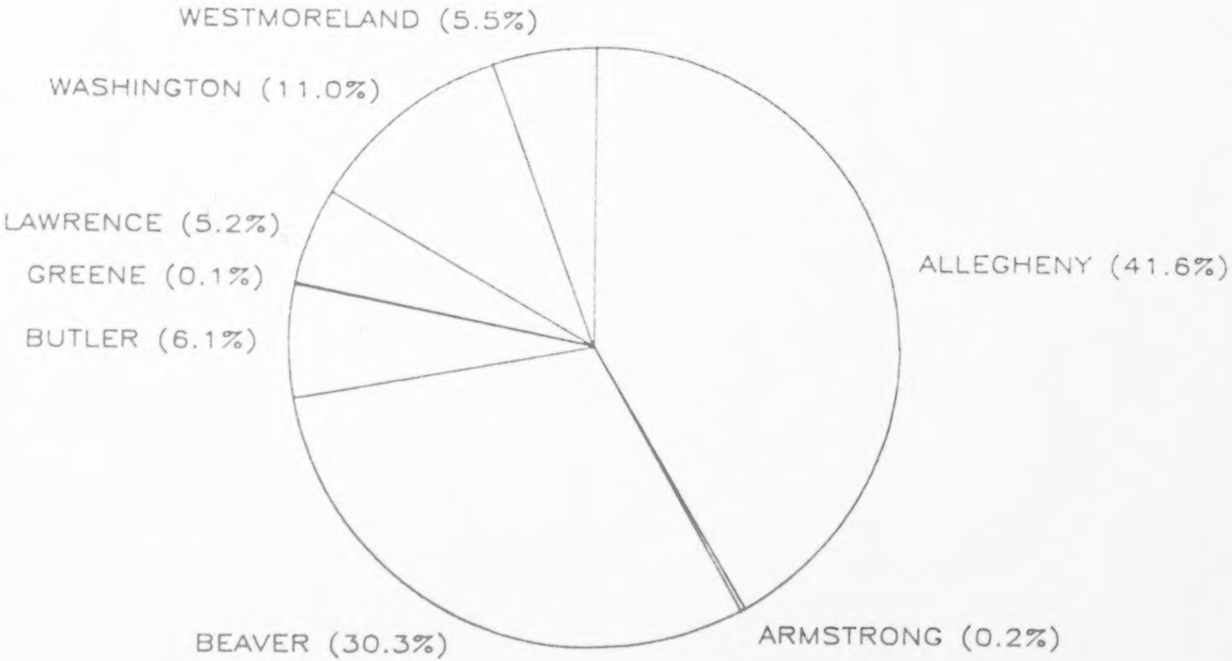
GEOGRAPHIC LOCATION OF MANUFACTURING ESTABLISHMENT CLOSINGS OR WITH SIGNIFICANT REDUCTIONS IN WORKFORCES IN SOUTHWESTERN PENNSYLVANIA (1982-1984)

	NUMBER OF ESTABLISHMENTS	
	CLOSINGS	REDUCTIONS IN WORKFORCE
CITY OF PITTSBURGH	6	8
ALLEGHENY COUNTY (EXC. PGH.)	11	22
ARMSTRONG COUNTY	2	0
BEAVER COUNTY	6	10
BUTLER COUNTY	2	0
GREENE COUNTY	1	0
LAWRENCE COUNTY	9	2
WASHINGTON COUNTY	7	4
WESTMORELAND COUNTY	5	4
LOCATION UNCERTAIN	3	2
TOTAL	52	52

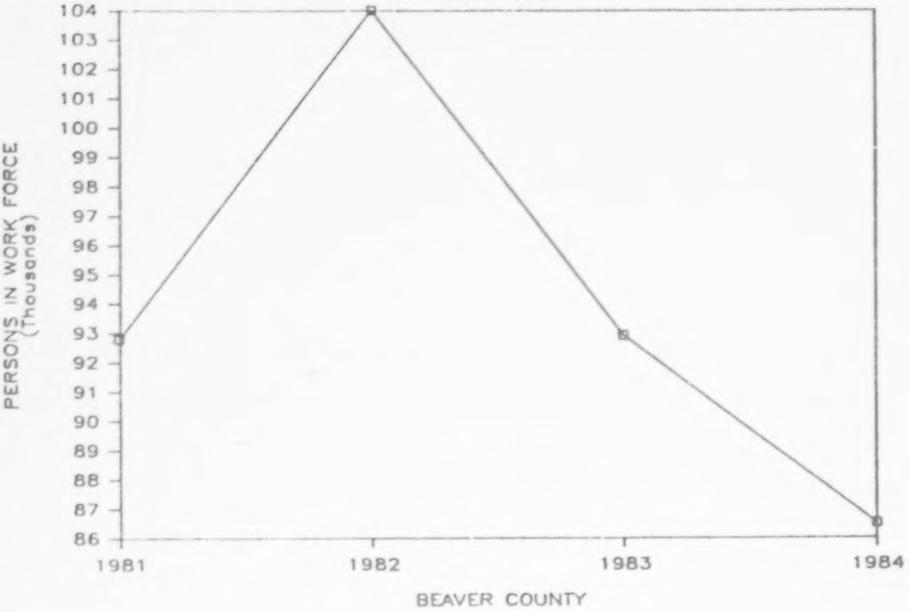
- "Plant Closings in Southwestern Pennsylvania: An Inventory and Survey"; David Levdansky, Research Consultant; December, 1984.

PER CENT OF JOBS LOST THROUGH

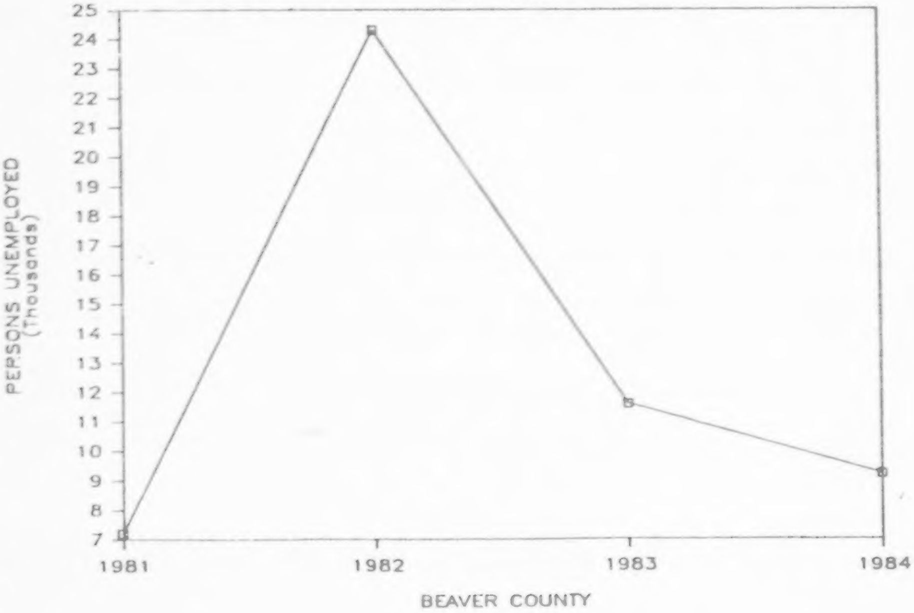
PLANT CLOSINGS OR REDUCTIONS 1982–1984



CIVILIAN LABOR FORCE
1981–1984



NUMBER OF PERSONS UNEMPLOYED
1981–1984



It is clear that Beaver County is suffering because of an excessive dependence upon manufacturing as a base of employment. It is equally clear the manufacturing sector has provided well for Beaver County in the past. What is not clear is what direction manufacturing employment will play in the future of Beaver County.

Manufacturing as a source of employment has been declining in all areas of the country for the past thirty years. Challenges to the domestic steel industry likely will cause advancements in technology to be implemented that will make the industry less labor intensive. Trends toward mini-mills are already in evidence and this may be the future for the industry. If so, we can anticipate more reductions in our current employment base as mills become less labor intensive and move closer to primary users of their products.

It is probably fair to assume that jobs lost in the steel industry since 1979 are permanent. It is also probably safe to assume that the high standard of living those jobs created are not likely to return soon. New jobs will probably pay less and require more training than the jobs they are replacing.

CAMPAIGN

Raising money when the steel industry was robust was easy for the United Way of Beaver County. Most plants had new hires programs that signed employees to continuous payroll deduction when they began their employment. As long as employees were working and getting raises, our campaign revenues increased accordingly. When the recession required lay-offs, however, our fortunes changed.

In 1982, United Way of Beaver County lost nearly $500,000 from Jones & Laughlin alone. As Beaver County employment was dependent upon the steel industry, United Way was also dependent upon the steel industry. In 1980, two thirds of our campaign revenues came from five firms. As noted in the attached illustrated graph, the success or failure of the United Way campaign is still dependent upon the performance of the top five firms.

ALLOCATIONS

Allocations have followed the pattern of the general economy and campaign cited above. In 1979 and 1980, the issue centered on how much money we could reasonably hold in reserve without damaging our case for annual giving. Since 1982, however, the focus has been more on how much we can reduce our allocations to member agencies and still remain viable. Until the 1985 allocations, we used reserves to soften the impact of these reductions.

Reductions in allocations have been made necessary through the standard allocation process. (See Table 5 and 6) Without a formal directive from the Board of Directors, panels were left to establish their own priority system. The resulting pattern shows Youth Services, Health Services 1 and Family Service 1, declining as a portion of the total allocations, while Health Service 2, Family Service 2 and Rehabilitation Services increased as a portion of the total.

United Way of Beaver County, as a source of funding for these agencies, has been decreasing. In 1982, we accounted for 26% of all agency revenues. In 1985, we will be about 15% of the total revenues agencies will raise. While this is still high in relation to state and regional standards, it does provide a different perspective to the phrase "our member agencies". Clearly, the concept of United Way as a fundraising agent for a select group of non-profit organizations is no longer valid. United Way is but one funding source upon which the agencies rely.

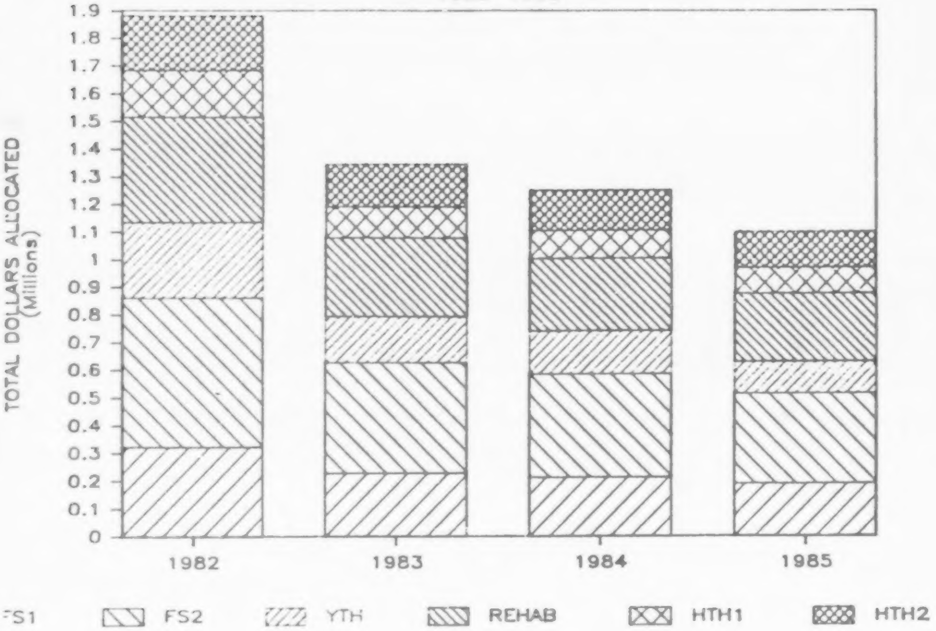
UNITED WAY OF BEAVER COUNTY
AGENCY ALLOCATIONS
COMPARISON REPORT 1981-1985

NCY	1981	1982	1983	1984	1985
American Red Cross	$ 178,843	$ 186,165	$ 142,399	$ 132,431	$ 112,431
Arthritis Foundation	9,500	8,000	5,279	4,375	1,800
A.R.C.	71,355	74,041	60,920	60,100	55,144
B.C.R.C.	84,000	91,559	61,559	52,500	53,000
Boy Scouts	105,050	100,000	65,400	65,400	56,460
B.C. Cancer Society	100,000	101,815	74,583	67,124	60,054
B.C. Heart Association	46,500	45,990	23,578	21,574	20,000
Catholic Charities	96,180	113,297	95,000	89,000	85,440
C.M.H.C.	55,761	55,761	36,800	29,440	29,440
Day Care Centers	38,000	40,000	28,545	26,332	-0-
Easter Seal Society	115,000	110,000	82,800	77,000	70,000
Family Service	131,140	131,140	76,200	70,000	57,200
Scouts	96,600	100,000	65,400	63,438	56,460
Griffith Heights	33,500	33,500	7,200	-0-	-0-
Homemaker-Home Health Aide	49,150	44,150	23,905	17,000	20,000
Lutheran Service Society	28,200	28,200	18,000	16,000	12,000
Mental Health Society	52,000	60,048	50,215	52,015	42,768
Multiple Sclerosis	18,000	16,500	12,150	10,250	10,250
Myasthenia Gravis	4,000	4,000	3,150	2,900	4,000
P.A.B.	125,000	134,986	117,000	117,000	104,467
Salvation Army	186,608	209,000	169,860	160,550	140,550
Women's Center	27,921	52,159	40,650	38,000	35,940
USO	9,000	7,500	-0-	200	200
Y.M.C.A.	124,000	134,930	85,561	79,571	70,880
TOTALS	$1,785,308	$1,882,741	$1,346,154	$1,252,700	$1,098,484

TABLE 5

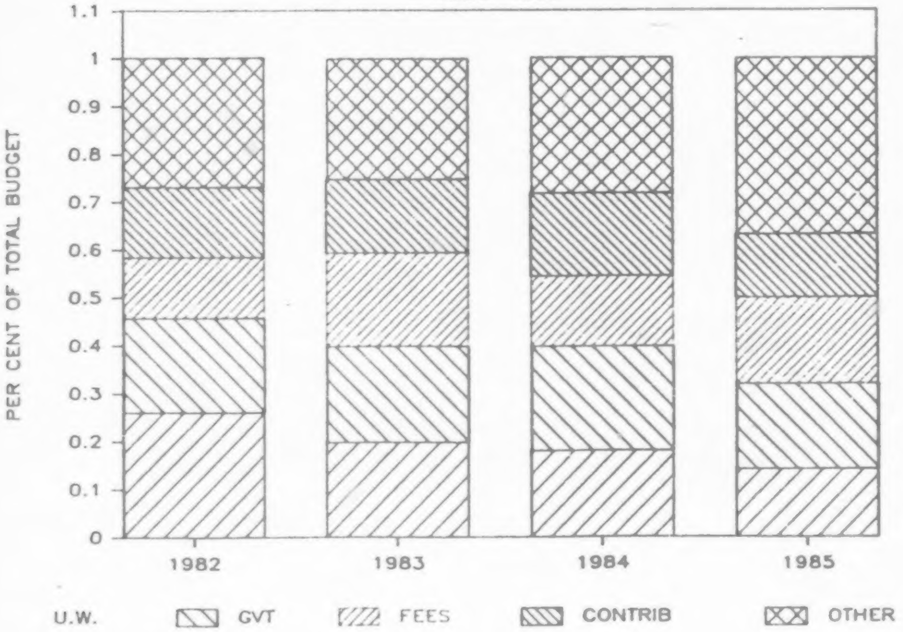
AGENCIES	1982 U.W. ALLOCATION RECOMMENDATION	1985 U.W. ALLOCATION RECOMMENDATION	PER CENT CHANGE	ACTUAL DOLLAR DECLINE
AMERICAN RED CROSS	$186,165	$112,431	-39.61%	($73,734)
ARTHRITIS FOUNDATION	$8,000	$1,800	-77.50%	($6,200)
ASSN FOR RETARDED CITIZENS	$74,041	$55,144	-25.52%	($18,897)
B.C. CANCER SOCIETY	$101,815	$60,054	-41.02%	($41,761)
B.C. HEART ASSOCIATION	$45,990	$20,000	-56.51%	($25,990)
B.C. REHABILITATION CENTER	$91,559	$53,000	-42.11%	($38,559)
BOY SCOUTS OF AMERICA	$100,000	$56,460	-43.54%	($43,540)
CATHOLIC CHARITIES	$113,297	$85,440	-24.59%	($27,857)
COMMUNITY MENTAL HEALTH CENTER	$55,761	$29,440	-47.20%	($26,321)
DAY CARE OF BEAVER COUNTY	$40,000	$0	-100.00%	($40,000)
EASTER SEAL SOCIETY	$110,000	$70,000	-36.36%	($40,000)
FAMILY SERVICE OF B.C.	$131,140	$57,200	-56.38%	($73,940)
GIRL SCOUT COUNCIL	$100,000	$56,460	-43.54%	($43,540)
GRIFFITH HEIGHTS	$33,500	$0	-100.00%	($33,500)
HOME-MAKER/HOME HEALTH AID	$44,150	$20,000	-54.70%	($24,150)
MULTIPLE SCLEROSIS SOCIETY	$16,500	$10,250	-37.88%	($6,250)
LUTHERAN SERVICE SOCIETY	$28,200	$12,000	-57.45%	($16,200)
MENTAL HEALTH SOCIETY OF B.C.	$60,048	$42,768	-28.78%	($17,280)
MYASTHENIA GRAVIS	$4,000	$4,000	0.00%	$0
PENN. ASSN. FOR THE BLIND	$134,986	$104,467	-22.61%	($30,519)
SALVATION ARMY	$209,000	$140,550	-32.75%	($68,450)
USO	$7,500	$200	-97.33%	($7,300)
YMCA	$134,930	$70,880	-47.47%	($64,050)
WOMEN'S CENTER OF B.C.	$52,159	$35,940	-31.10%	($16,219)
TOTALS	$1,892,741	$1,098,484	-41.65%	($794,257)

TABLE 6



ALLOCATIONS BY PANEL

1982–1985



AGENCY INCOME BY SOURCE

1982–1985

Figure 6
Average United Way Support by Region:
(Percent of Agency Budget)
Metros I–VIII, 1984

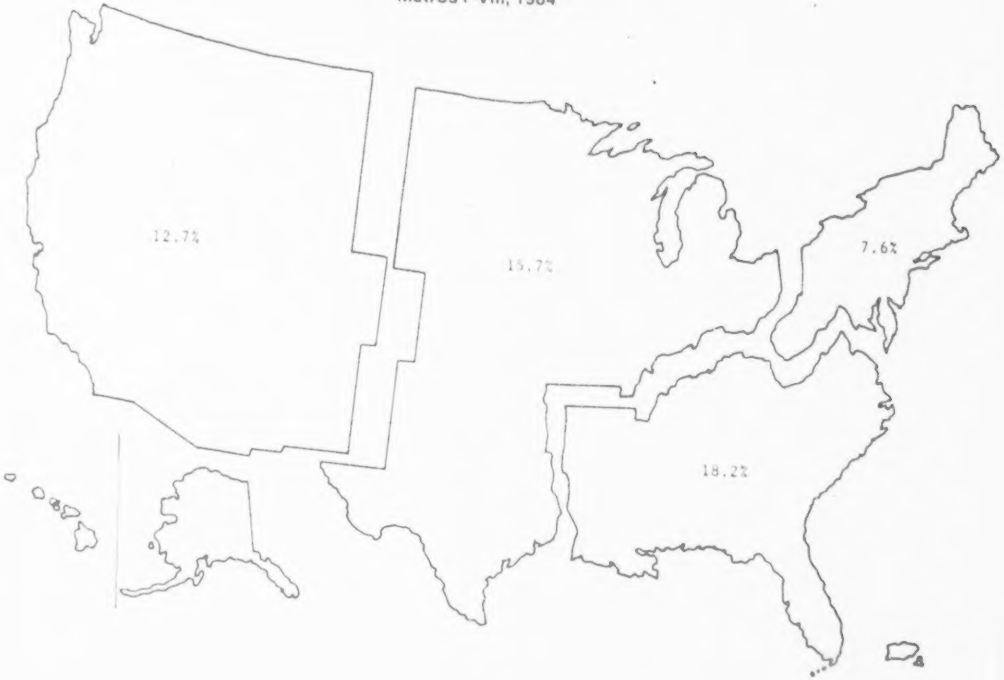
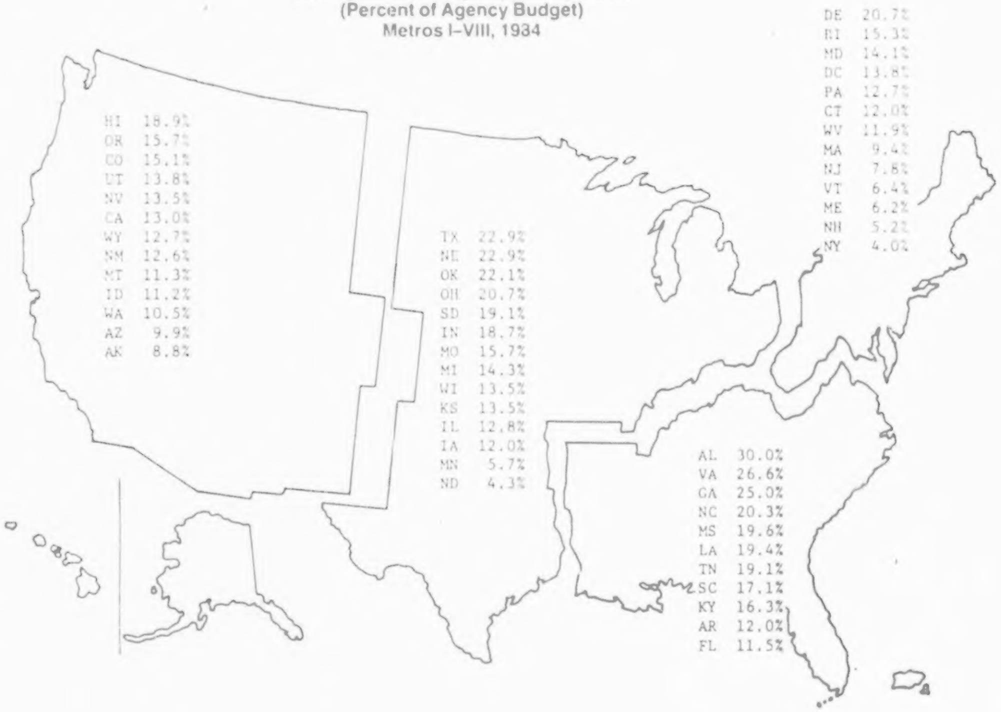

12.7%
15.7%
7.6%
18.2%

Figure 8
Average United Way Support by State:
(Percent of Agency Budget)
Metros I–VIII, 1984


HI 18.9%
OR 15.7%
CO 15.1%
UT 13.8%
NV 13.5%
CA 13.0%
WY 12.7%
NM 12.6%
MT 11.3%
ID 11.2%
WA 10.5%
AZ 9.9%
AK 8.8%
TX 22.9%
NE 22.9%
OK 22.1%
OH 20.7%
SD 19.1%
IN 18.7%
MO 15.7%
MI 14.3%
WI 13.5%
KS 13.5%
IL 12.8%
IA 12.0%
MN 5.7%
ND 4.3%
DE 20.7%
RI 15.3%
MD 14.1%
DC 13.8%
PA 12.7%
CT 12.0%
WV 11.9%
MA 9.4%
NJ 7.8%
VT 6.4%
ME 6.2%
NH 5.2%
NY 4.0%
AL 30.0%
VA 26.6%
GA 25.0%
NC 20.3%
MS 19.6%
LA 19.4%
TN 19.1%
SC 17.1%
KY 16.3%
AR 12.0%
FL 11.5%

Unfortunately, agencies are being forced into direct fundraising efforts because the United Way is not capable of meeting their minimum requirements. This creates more competition for the contributed dollar and makes the task for United Way that much more difficult.

A move to program allocations this past year offers United Way greater flexibility. United Way can now define program priorities and make allocation decisions based upon those priorities. It allows United Way to communicate more directly to the contributor and allows us to market our services more effectively. In this position, we can operate as an agent for the contributor rather than the agencies. We can assume a role that provides service to the contributor. In effect, we act as a community foundation with the citizenry as contributors.

MARKET CONDITIONS

To this point, we have examined conditions as they are and the dynamics that created them. We know the county has suffered a severe economic set-back and that it has had an impact on the operations of United Way. The question now is what can be done to reverse our fortunes.

Obviously, a sudden recovery in the steel industry would solve most of our problems. The conventional wisdom, however, suggests this is an unlikely possibility. If we cannot rely on our traditional benefactors, can we make up the difference with market diversification?

More can be done to improve our fundraising ability, but can we develop these sources fast enough to offset losses in traditional areas and work our way back to the $2 million level? In the past campaign, we raised $80,000 in new money, however, our losses far exceeded our gains.

We finished the campaign with $1,380,000 in actual audited pledges. The closing of Keystone Bakery and lay-offs announced at LTV Corporation in Aliquippa could reduce our card value for the next campaign to $1,310,000. If that occurs, we will need to raise $70,000 new dollars to allocate what we took in this year. If LTV continues to lay-off or if we have closures or lay-offs in other areas, our task could be even greater. It seems inevitable that LTV will eventually phase out operations completely at the Aliquippa plant. This past year, LTV pledged $217,000 or 15.72% of our campaign total.

If in a worse case scenario, we assumed LTV were to close in 1985, and we would not have those funds in 1986, then we would be faced with some unattractive alternatives. In any scenario where we cannot protect our base of funding, we will have increased problems. If we are forced to defund agencies, we will create a public relations problem that may negatively effect our fundraising efforts.

On the other hand, efforts are being made to attract new employers to our area. In 1985, we anticipate the National Guard will locate a helicopter wing at the Beaver County airport that will provide approximately 150 new jobs, and a deal is being made to bring a new industry into the abandoned Hydril plant that will employ 500-600 people. The county has purchased land for an industrial park in Hopewell and the close proximity to the Pittsburgh International Airport (six minutes) combined with relatively low property costs should make this an area of future employment. The anticipated completion of the Beaver Valley Expressway combined with other attractive transportation facilities may make Beaver County a logical site for future business development.

The question is really one of timing. Will we see new development fast enough to offset the steady decline in our industrial sector? It is not likely that we will. Assuming we will not be able to offset campaign losses from the industrial sector in the next two to three years, what are our alternatives?

ALTERNATIVES

One alternative is to continue to cut allocations to our agencies which would mean that some of these agencies would ultimately be defunded completely.

Another alternative would be to try to assist our agencies in seeking other types of funding. If we could develop a program to assist agencies in securing foundation or government grants, it could reduce the need for our allocations and we might be able to scale back our base to a level consistent with our ability to raise funds.

Another alternative would be to join in the area-wide campaign arrangement for Pittsburgh and surrounding communities called United Way of Southwestern Pennsylvania. This would not insure us against campaign losses, but it would greatly reduce our risk of a dramatic decline as it spreads the base of exposure and offers greater diversity of accounts from which to draw.

Yet another alternative would be to combine some or all of the above options into a complete package.

There are probably more alternatives to explore, however, the need for an immediate solution is crucial to our approach for 1985. The committee has therefore been meeting with representatives from the United Way of Southwestern Pennsylvania to explore the advantages and disadvantages of their area-wide arrangement. Minutes of those meetings are attached in Appendix A.

Beaver County Times

Friday, January 27, 1984

Bigger steel is cutting up the pie

There is an ominous silence settling over the Justice Department deliberations pertaining to the merger of LTV and Republic Steel that spells doom to competitiveness in our domestic steel tubular industry.

We hear no loud outcry from unions, competitors, champions of free enterprise, politicians or others who speak for special interests.

A recent survey by this writer discloses a few interesting facts about the steel tubular production in our country.

The figures presented represent the three main types of tubular manufacturing processes used today, that is electric weld, continuous weld and seamless tubing.

If J. Paul McGrath permits the merger we will have the new LTV Steel having under its sole direction 69 different mills producing tube products, with major concentration in the size range of ½ inch to 6 inch diameter, 58 mills with the capacity of producing ½-6 inch diameter, six mills with the capacity of producing 4-12 inch diameter, five mills with the capacity of producing 6-16 inch diameter.

They will be able to permanently shut down a percentge of these facilities and reap government writeoff tax credits or selling them off under the guise of mini mills.

Under the mini-mill option, labor agreements are thrown in the trash can and skilled labor forces may be exploited to the full limit that a job hungry market will bear.

Neither option bids anything happening locally that can be described as "happy days are here again."

U.S. Steel is very interesting and to me demonstrates U.S. Steel silence to date.

U.S. Steel has six mills competing in the ½ to 6 inch range, two mills competing in the 4 to 12 inch range and nine mills competing in the 6 to 16 inch range.

As you see U.S. Steel major concentration is in large diameter tubing where there is no more little competition domestically. It appears the pie is being cut. LTV concentration in small diameter tubing. U.S. Steel large diameter.

The USW cast their vote in favor of J&L Youngstown Sheet & Tube merger but decided to sit on their assets in fighting the LTV Republic merger.

Dues dollars are needed to sustain the fat cats of this so called labor union?

I wonder where the champions of Adam Smith's competitive capitalism have gone? Maybe S. Korea, Taiwan, Brazil and now Grenada.

Are you listening J. Paul McGrath of the Anti-Trust Division of Justice Department? Probably not, after all we no longer have a government for, of and by the people.

Paul J. Piccirilli
Aliquippa

WELCOME

CONGRESSMAN MARTINEZ AND COMMITTE ON EMPLOYMENT OPPORTUNITIES TO THE VALLEY OF HOPELESSNESS and DESPAIR!

Your Opinion

Beaver County Times

Sunday, May 13, 1984

Aliquippa Works merged to death?

As we approach the day of the J&L and Republic merger into LTV Steel, I feel a great sense of frustration and indignation.

A great patriot — J&L Aliquippa Works — is being delt yet another humiliating blow by a self serving group of "paper entrepreneurs" based in Dallas. "Domestic Imperialist" is a better discription of these money worshipers.

I refer to the Aliquippa Works because she is a symbol of industrial might and her great contributions to the defense of our nation in wars 1917-1984.

From her furnaces and mills came shell and bomb casings, barbed wire and armor plate — all necessary to protect the U.S.A. and world democracies from anti freedom forces.

On Jan. 6, 1946, Undersecretary of War Robert Patterson presented the distinguished award, "Army and Navy "E"", to her men and women, and by letter stated "This award is your nation's tribute to your patriotism and your great work in backing up our soldiers on the fighting fronts."

From her family of employees the Armed Forces were conscripting an average of 126 men and boys per month, not counting those who volunteered their hearts and bodies. As of January, 1943, 2,000 were drafted. From the ranks of all who served from the Aliquippa Works, 69 were killed in action, 10 died from wounds, five were missing in action, 18 killed in service, six died in service. This devotion to country and sacrifice for it woould be repeated in Korea and Vietnam.

I pointed these facts out to the U.S. Government anti-trust lawyer J. Paul McGrath in opposing the J&L Republic merger. Apparently the heat from President Reagan, Commerce Secretary Baldridge and the champions of mega mergers induced him to reverse his earlier decision to reject the merger.

Apparently patriotism is a factor not worthy of consideration: she's a one way street, people to government, not government to people.

The economic casualties at the Aliquippa Works since the unhappy, unscrupulous mergers began are sickening. The following figures for the bargaining unit employees tell it: 1979, 10,000 employees; 1982, 9,900, and 1984, 2,500. 700 TODAY 4-24-86

Further reductions of forces will undoubtably result from the latest move to wipe out competitive capitalism. LTV has left a legacy of lies, deceit, and deception at the Aliquippa Works.

Meanwhile President Reagan tries to peddle this form of "free enterprise" to the Peoples Republic of China."

He would do better to lecture our own "paper entrepreneurs" on Christianity and competitive capitalism or our nation will sink lower in denying its' citizens a cherished "freedom from want."

Lord, where have all the Henry Fords, Cyrus McCormicks, Thomas Edisons gone? They were the real entrepreneurs of the 20th century, who along with an energetic labor force made our nation great?

Paul J. Piccirilli
Aliquippa

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[redacted]

YET L.T.V. CHAIRMAN R. HAY Gets $900,000.00 INTEREST FREE LOAN FROM LTV Co. ??

After being denied ,by J. [illegible], to speak to you today, I offer as part of the record these letters, written concerning the situation here in Aliquippa, PA.

Unless the U.S. Congress addresses itself to the unemployment, caused by Mega Mergers, here in the U.S. the situation can only deteriorate and grow more critical.

CORPORATIONS AS L.T.V. MUST BE MADE ACCOUNTABLE TO THE COMMUNITIES THEY DESTROY IN A POSITIVE WAY AND NOT IN [illegible] AS THEY HAVE SO FAR.

The US Goverment's Justice Department under Pres. Carter and Reagan permitted LTV to merge JL STeel with Youngstown Sheet And Tube and Republic Steel with no cosideration to the affected employees or the communities or it's impact on the steel industry and family life here in our nation.

Does it make sense for LTV to raise its price on sheet steel # 3% recently when there is a international glut of steel today? Does this not conflict with the law of supply and demand? Shouldn't the consumer recieve some benefit from all the sacrifices of LTV workers and shouldn't that react to more purchases of domestic steel vs. imported steel? LTV wants employee concessions, goverment protectionism, tax writeoffs, faster depreciation etc.

Packwood Plan Tax-Credit Windfalls

(In millions of dollars)

WSJ 4-17-86

	ESTIMATED REFUND
Middle South Utilities	$488.0
Commonwealth Edison	298.9
General Electric Co.	250.6
U.S. Steel Corp.	280.0
Consumers Power Co.	262.5
CSX Corp.	238.7
LTV Corp.	210.0

← - - - THE GREEDY HOGS WANT IT ALL!! Thank you Paul J Piccirilli